

Commissioner's Teacher Cabinet School Finance 101

January 17, 2020



School District Sources of Revenues

School Finance Total Program Funding

Categorical Funding

State Grants - Formula and Competitive

Federal Grants - Formula and Competitive

Mill Levy Overrides Revenues

Other Local Revenues



Total District Revenues

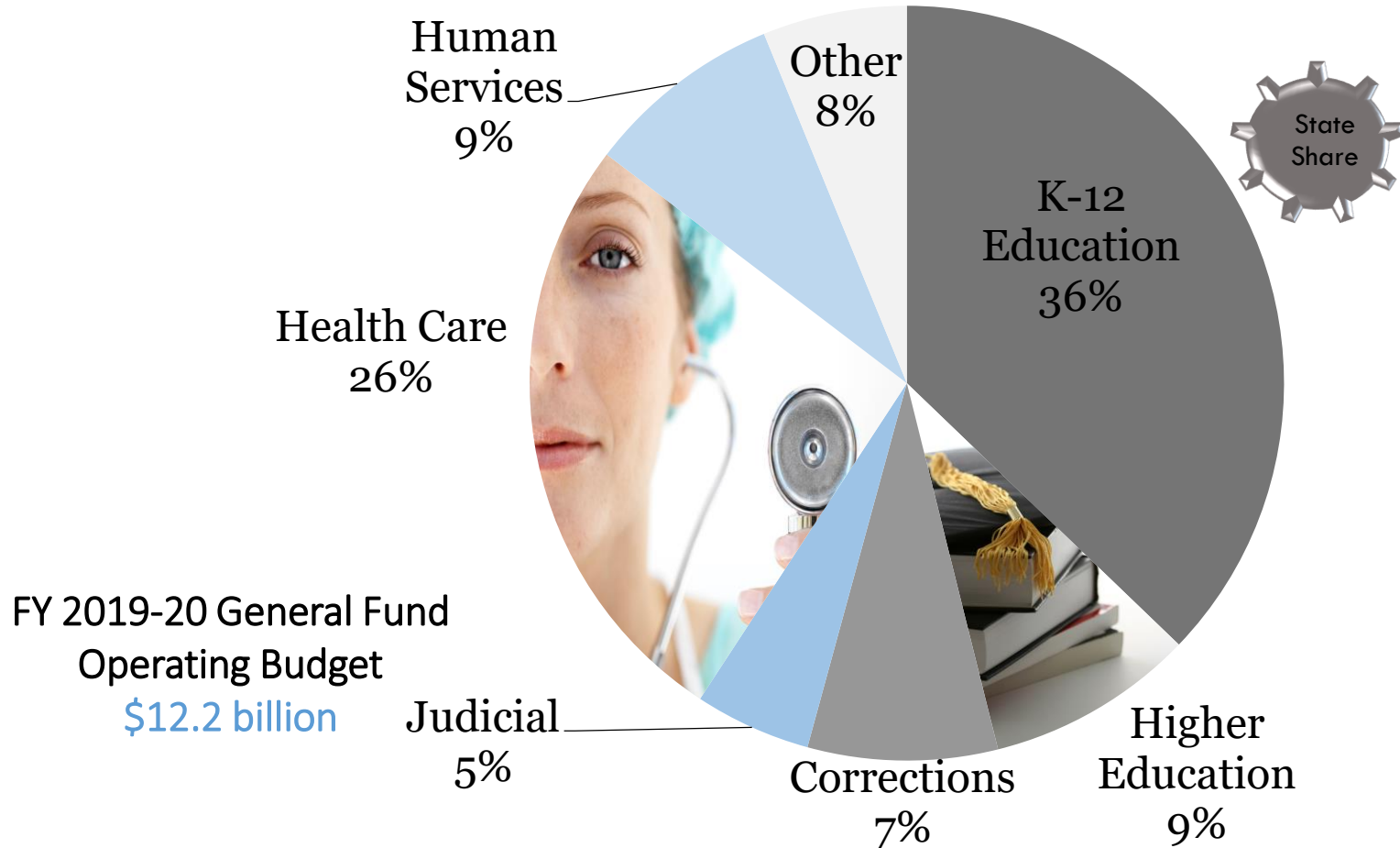
FY17-18 Total Revenue: \$12.3 Billion

Local:	47%
State:	38%
Federal:	6%
Other:	9%

Most revenue to districts are provided through the School Finance Act of 1994: \$6.6 Billion or 54% of total revenues



What the General Fund Pays For – FY2019-20



Gallagher Amendment - 1982

Set the statewide ratio of property taxes for residential properties at 45% and business properties at 55%

- Business = 29% of property's taxed value
- Residential = 7.15% of property's taxed value

Under TABOR, this rate cannot rise without a vote of the people

Effect = limited property taxes and put bigger burden for education funding on the state's budget (Equalization)



TABOR Amendment - 1992

Sets limits on the amounts of revenues that can be collected and retained

Cannot raise tax rates without voter approval

Cannot spend revenues collected without voter approval if revenues grow faster than inflation and population growth

“TABOR Surplus”, must be refunded to taxpayers, unless approved by voters

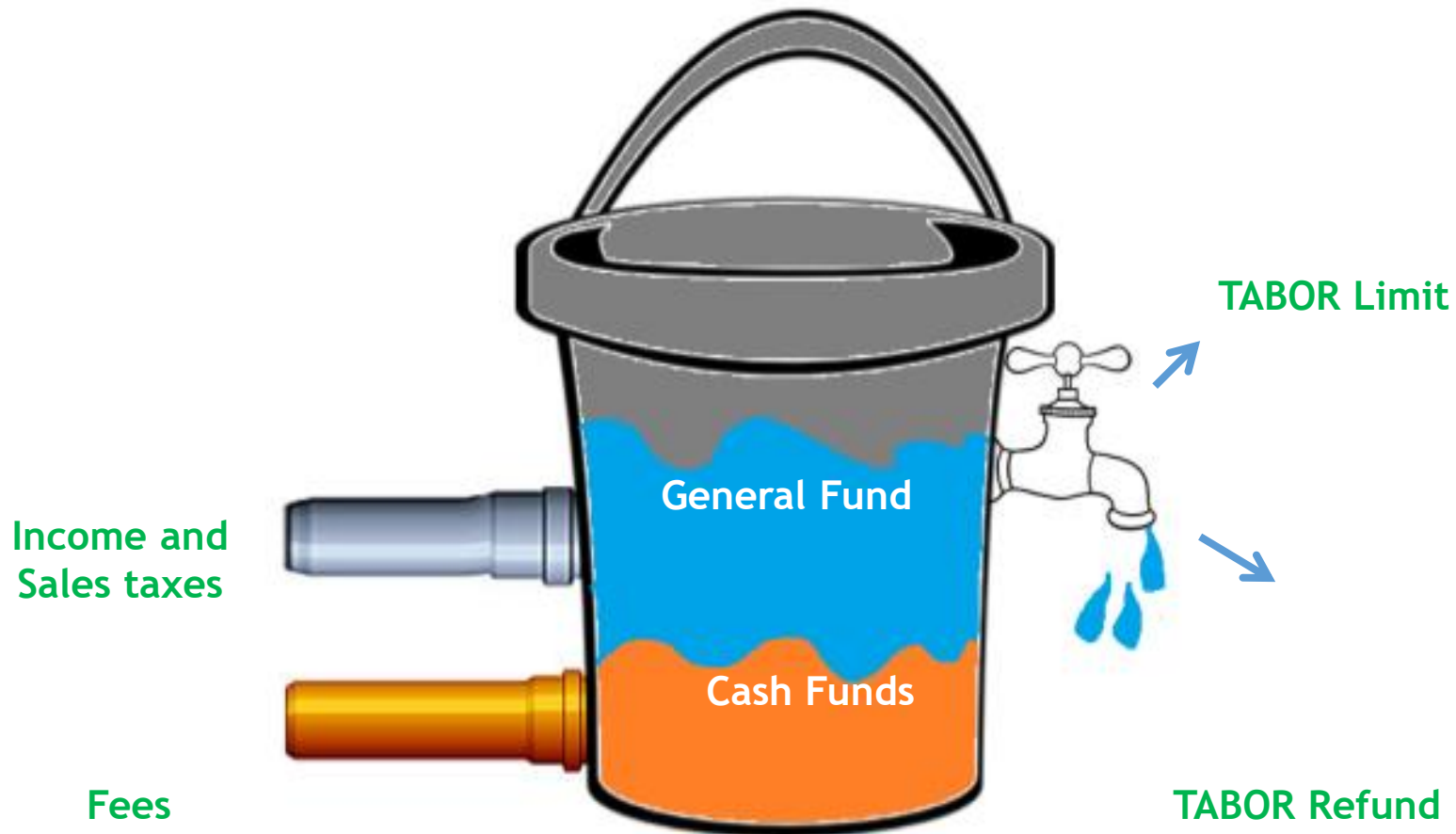
174/178 School Districts are De-TABORed, the State is not Ratcheting down effect during recessions

- Senate Bill 07-199 froze mill levies for districts at the 2006-07 levels



A TABOR Simile

From Office of State Planning & Budgeting



Amendment 23 - 2000

Required growth + inflation for base funding and categorical funding

Provided a 1% catch up rate for 10 years

- Inflation based on the Denver/Boulder CPI

Creates additional pressures on the state budget with these requirements

2020 Legislative Budget Process

November 2019	Governor Submits Budget Request for 2020-21 THIS IS ONLY A PROPOSAL/PLACEHOLDER!
December 2019	Joint Budget Committee Briefing and Hearing with CDE covering various budget-related topics relevant to K-12
January 2020	Governor Submits <i>Supplementals</i> for 2019-20 Adjusts current year's actual pupil counts, AVs, etc., including Full-Day Kindergarten enrollment Governor Submits <i>Budget Amendments</i> for 2020-21 Revises estimates for next year's pupil counts, AVs, etc.
Spring 2020	JBC Develops State Budget Through Figure Setting General Assembly Passes the Long Bill based on current law (HB19-246 for School Finance)
Spring 2020	School Finance Bill Is Introduced and Passed Adjusts the Appropriation included in the Long Bill

Total Program Funding Formula

Total Program Funding

Equals (funded pupil count
times per pupil funding formula)
plus at-risk funding
plus multi-district online funding
plus extended high school funding

Budget Stabilization Factor is applied after total program is calculated



Factors that adjust base per pupil funding

Per Pupil Funding Formula adjusts for:

- Cost of living: Determined by a legislative study every two years. A higher cost of living equals a higher factor.
- Personnel and non-personnel costs: Determined by statutory formula based on enrollment. Actual personnel costs may differ from the statutory factor calculation. Cost of living factor is applied to the calculated personnel amount.
- Size of district: Determined by statutory formula based on enrollment. Small districts have larger size factors than districts with higher enrollment.

Local Share Funding Sources

Local Funding Statewide -39% in FY18-19

- Property Taxes – mill levies
- Specific Ownership Taxes – vehicle registration fees

State Share Statewide- 61% in FY18-19

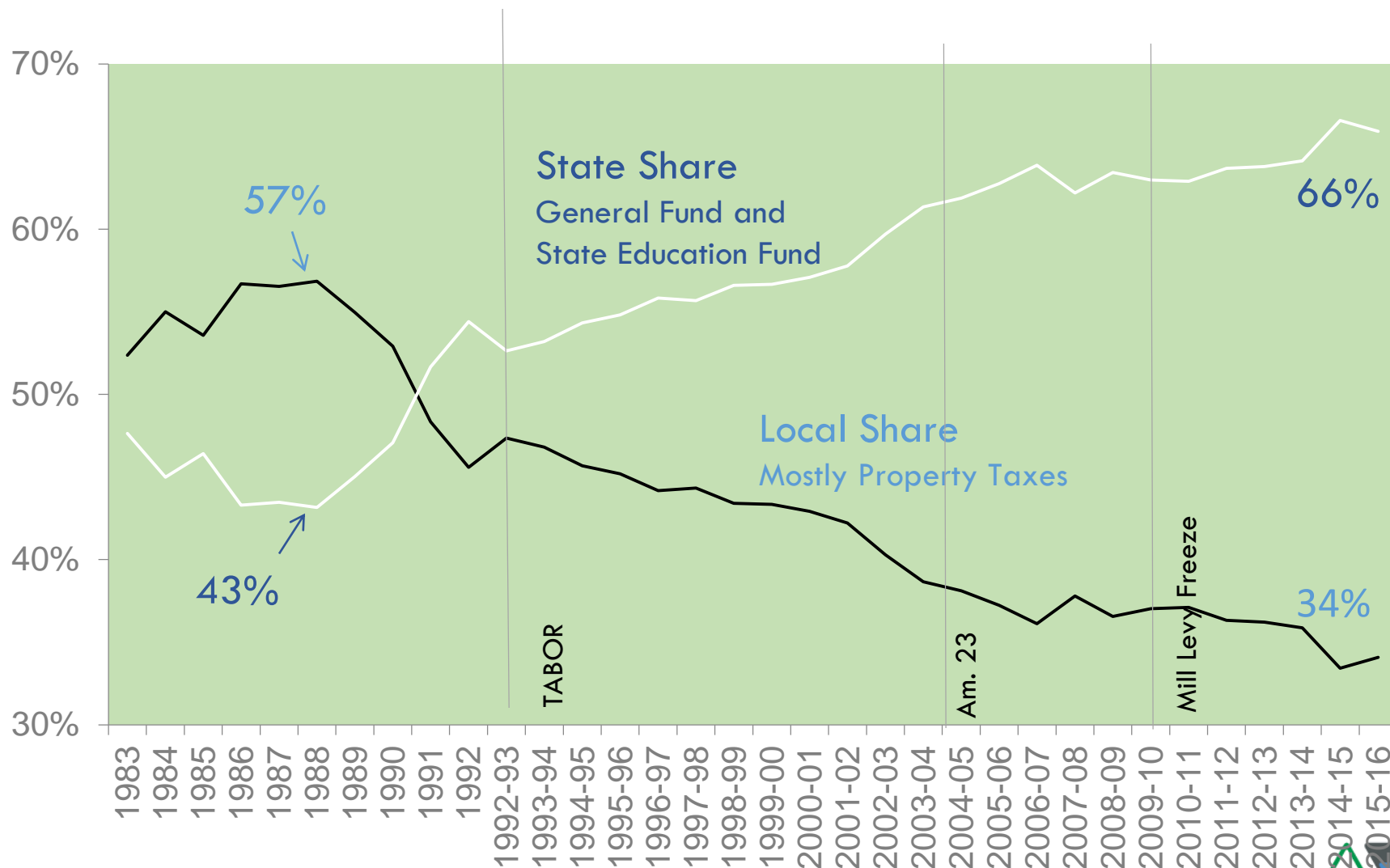
- Funding from the state provided to each school district whose Local Share is insufficient to fully fund its Total Program

The percentage split in specific districts varies

Previously, local share was 57% and state share was 43%



Relative State and Local Shares of School Finance



Note: Prior to 1993, K-12 funding was done on a calendar year basis.



School Finance Historical Recap

2016-17

- Budget Stabilization Factor = \$828.3M
- Average Per Pupil Funding = \$7,420
- Total Program = \$6.37B

2017-18

- Budget Stabilization Factor = \$822.4M (-\$5.9M)
- Average Per Pupil Funding = \$7,662 (+\$242)
- Total Program = \$6.63B (+\$250M)

2018-19

- Budget Stabilization Factor = \$672.4M (-\$150M)
- Average Per Pupil Funding = \$8,137 (+\$475)
- Total Program = \$7.08B (+\$450M)

2019-20 Supplemental Request

- Budget Stabilization Factor = \$572.4M (-\$100M)
- Average Per Pupil Funding = \$8,489 (+\$352)
- Total Program = \$7.6B (+\$520M)

2020-21 Budget Amendment Request

- Budget Stabilization Factor = \$520.4M (-\$52M)
- Average Per Pupil Funding = \$8,719 (+230)
- Total Program = \$7.8B (+\$200M)



Categorical Program Revenues

Funding provided for specific programs that serve particular groups of students or student needs

State and federal revenues only cover a portion of the full cost of these programs

- English Language Proficiency Act (ELPA) – 21% of costs covered
- Gifted and Talented Education – 34% of costs covered
- Special Education – 37% of costs covered
- Transportation – 24% of costs covered
- Vocational Education – 30% of costs covered
- Small Attendance Centers
- Expelled and At-Risk Student Services
- Comprehensive Health

Marijuana Tax Revenue and Education

- Excise tax: 90% or \$40M of marijuana excise tax (15%) is credited to the state's Building Excellent Schools Today (BEST) program
- Sales tax: 10% of the revenue from the marijuana retail sales tax (15%) is allocated to local governments. The remaining 90% is credited to the Marijuana Tax Cash Fund (MTCF), General Fund, and state public school fund.
- The General Assembly makes appropriations from the MTCF through the Long Bill or other bills
- Additional Information:

<http://www.cde.state.co.us/communications/2019marijuanarevenue>



Financial Transparency for Colorado Schools




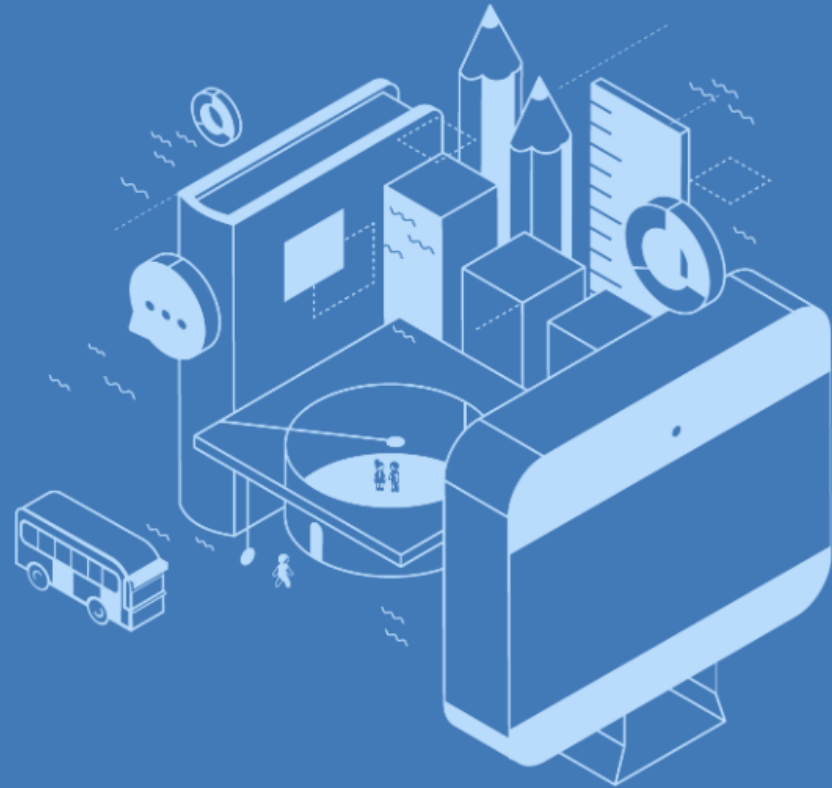
FISCAL YEAR
2017 - 2018

Search by city, name or zip code

Financial Transparency for Colorado Schools

Welcome to the Colorado K12 Financial Transparency website. Here you will find revenue and expenditure information for each school, district, and BOCES throughout the state. Click below to learn more, or begin exploring using the search and map features.

[Learn more](#) 



Financial Transparency for Colorado Schools

Website translates the expenditures into a format that is readable and comparable by a layperson

- FY15-16, FY16-17, and FY17-18 data available
- Small rural districts are exempted from state reporting
<https://coloradok12financialtransparency.com>

ESSA Per Pupil Expenditure Reporting

- Require school-level per-pupil expenditures disaggregated by source of funds
- Small rural districts are NOT exempted from federal reporting
- Federal reporting is optional for FY17-18 data and required for FY18-19 data
- Colorado began reporting school level data for all school districts for FY2017-18 on July 1, 2019



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