



COLORADO

Description of the Formula

Funding is based on an annual October pupil count. Each school district counts pupils in membership as of the school day nearest October 1 (the official count day). Districts are given an opportunity to provide documentation that a student re-established membership by October 31st for a student who may be absent on the official count day.

Generally, pupils in grades 1 through 12 are counted as either full-time or part-time depending upon the number of scheduled hours of coursework. Kindergarten, preschool special education, and a limited number of at-risk preschool (see Colorado Preschool and Kindergarten Program discussion) pupils are counted as part-time.

For most school districts, funding is based on the number of pupils counted in the current school year. However, for a district with an enrollment fluctuating from year to year, funding is based on an average of up to four prior years' October pupil counts and the current year's October pupil count.

District-Based Components

Colorado Preschool Program

The Colorado Preschool program's main objective is to provide high quality early education support to children whose existing risk factors increase their chances of early school failure. Districts provide these services in partnership with families and other community resources serving families. In FY2014-2015, funding is provided for the participation of up to 28,360 children.

Funding to school districts is based on a per-pupil formula that calculates Total Program. For each pupil funded in the October 1 pupil count, the formula provides a base per-pupil amount of money plus additional money to recognize district-by-district variances in; a) cost of living, b) personnel costs, c) size. The Total Program amount also includes additional funding for at-risk pupils.

Eligibility for participation in the federal free lunch program is used as a proxy of each school district's at-risk pupil population. Increased funding is provided to recognize that expenses

among districts vary, as pupil populations vary, especially at-risk populations. For each at-risk pupil, a district receives funding equal to at least 12%, but no more than 30% of its Total Per-pupil Funding. As a district's percentage of at-risk population increases above the statewide average (roughly 37.7%, an increased amount of at-risk funding is provided).

A district receives funding for the greater of: 1) each actual pupil eligible for the federal free lunch program; or 2) a calculated number of pupils based on the number of grades 1-8 pupils eligible for the federal free lunch program as a percent of the district's entire population.

Starting in FY 2010-11, a new factor was introduced in the school finance formula due to the statewide budget balancing challenges Colorado is facing. This new factor is called the "negative factor" and reduces the amount of funding districts would have received prior to this factors application in an equitable and fair manner.

Density/Sparsity of Small Schools

Does not apply.

Grade Level Differences

All kindergarten and preschool pupils are funded as half-time programs with the exception of 2,154 kindergarten students funded as full-time through a separate appropriation referred to as Hold Harmless Full Day Kindergarten Funding. All other students, grades 1-12 are funded as either part-time or full-time based on scheduled hours of coursework.

Declining Enrollment or Growth

For a district with an enrollment fluctuating from year to year, funding is based on an average of up to four prior years' October pupil counts and the current year's October pupil count.

Capital Outlay and/or Debt Service

The bonding limit is 20% of assessed valuation. In a district with rapid enrollment growth, 25% of assessed valuation is the limit. Rapid enrollment growth is defined as 2.5% or more increase in enrollment per year for at least three years or five years whichever is higher.

Capital/Building Needs

Four distinct avenues through which a school district may meet its capital/building needs are discussed below.

Bonded Indebtedness (C.R.S. 22-42-102) -- A district may hold an election to authorize it to issue bonds to meet its capital needs. Principal and interest payments on bonds are paid from increased property tax revenues generated by a separate, additional mill that the district must be authorized to levy. A district may not have outstanding bond debt in excess of 20% (25% for rapidly growing districts) of its assessed property valuation or 6% of its actual property value, whichever is greater.

School districts considering submitting a ballot question for bonded indebtedness to the electors of the district shall invite each charter school to participate in discussions regarding the possible submission of a ballot question.

Special Building and Technology Fund (C.R.S. 22-45-103(1d)) -- A district may hold an election to authorize it to levy up to ten mills for not longer than three years. Moneys generated by this levy are available to fund the purchase of land, the construction, purchase, and maintenance of facilities, and the purchase and installation of building security, instructional, and informational technologies.

Building Excellent Schools Today (B.E.S.T.) (Article 43.7 of Title 22) -- Provides a new funding structure for school capital construction projects, allowing school districts to enter into certificates of participation for lease-purchase agreements through the State Treasury for construction projects. Maintains a grant program for school capital construction projects that do not meet the requirements of the lease-purchase program. Brings all capital construction funding under one umbrella for administration and distribution of funds and is intended to replace the remaining obligations of the “Giardino Settlement.”

Loan Program for Capital Improvements in “Growth Districts” (C.R.S. 22-2-125) -- A district which is identified as a “growth district” as defined above, is eligible to apply for a loan from the State Treasurer. This debt must be voter approved and if a property tax mill levy is the method of repayment, such levy must also be approved at the same time. At the time of the loan application, the district must specify the method of repayment and the terms of repayment may not exceed 10 years. The district must also have voter approval for a repayment period of longer than one year.

If a property tax mill levy will be used to repay the loan, the mill must be no more than 5 mills or a number of mills determined by dividing the latest statewide average per pupil assessed valuation (PPAV) by the latest PPAV of the growth district, whichever is less. If the district’s PPAV is greater than the statewide average PPAV, the growth district may impose an additional property tax levy of no more than 1 mill.

Transportation

Based upon a one-day count of route miles districts receive \$.38 per mile plus 34% of the difference between current operating expenses for pupil transportation and the amount determined by multiplying \$.38 times miles traveled times days of school. Maximum reimbursement is 90% of current operating expenditures. Reimbursement is based on prior year July – June.

Charter Schools

No response

Student-Based Components

Special Education

(Article 20 of Title 22, CRS)

The State Exceptional Children's Act (ECEA) outlines administrative unit (school districts and boards of cooperative educational services) responsibilities for providing special education programs for children with disabilities. The Act recognizes the need to provide educational opportunities to all children, and the benefits of providing a continuum of services in the least restrictive environment.

In budget year 2014-15, Colorado administrative units will serve approximately 85,000 students with disabilities, or about 10% of the total pupil enrollment. Administrative units will provide services to approximately 90,000 children between the ages of three and twenty-one who, by reason of one or more of the following conditions, are unable to receive reasonable benefit from general education. Disability categories are: Autism Spectrum Disorders, Deaf-blindness, Developmental Delay, Hearing Impairment Including Deafness, Infant/Toddler with a Disability, Intellectual Disability, Multiple Disabilities, Orthopedic Impairment, Other Health Impaired, Serious Emotional Disability, Specific Learning Disabilities, Speech or Language Impairment, Traumatic Brain Injury, and Visual Impairment Including Blindness.

State ECEA funding of special education programs for children with disabilities is \$161 million for budget year 2014-15.

- Five hundred thousand dollars is available to administrative units specifically for costs incurred for children with disabilities that live in eligible facilities within their boundaries, and for whom (a) parental rights have been relinquished by the parents; (b) parental rights have been terminated by the court; (c) parents are incarcerated; (d) parents cannot be located; (e) parents reside out of state, but the Department of Human Services has placed the children within the boundaries of the administrative unit; or (f) the children are legally emancipated.
- Four million dollars will be available for grants to administrative units for reimbursement of high costs incurred in providing special education services in the preceding school year. High costs are defined as the costs incurred by an administrative unit above a threshold amount.

The remaining amount will be distributed as follows:

- Administrative units will receive \$1,250 for each child reported by the administrative unit on December 1 of the previous year.
- Administrative units will receive up to an additional \$6,000 for each child reported on its previous December 1 count with the following disabilities: vision disability, hearing disability, deaf-blind, significant identifiable emotional disability, autism, traumatic brain injury, multiple disabilities, and significant limited intellectual capacity. This amount will be prorated based on the amount of the remaining appropriation.
- State ECEA moneys can be used to pay for the salaries of special education instructional and support personnel, purchased services (including tuition payments to other administrative units and eligible facilities), supplies and equipment.

In budget year 2014-15, total special education costs will equal roughly \$829 million. State funding covers roughly 20% of special education costs; federal funding covers an additional 19% of these costs; and local sources of funding cover the remaining 61% of the costs.

Low Income / Comp Ed / At-Risk

The following is the list of programs under Colorado Revised Statutes which are classified as Low Income / At-Risk. The Revised Statutes are available at:

<http://www2.michie.com/colorado/lpext.dll?f=templates&fn=fs-main.htm&2.0>

Art. 20. Education of Exceptional Children, 22-20-101 to 22-20-117.

Art. 23. Education of Migrant Children, 22-23-101 to 22-23-107.

Art. 24. English Language Proficiency Act, 22-24-101 to 22-24-106.

Art. 25. Colorado Comprehensive Health Education Act, 22-25-101 to 22-25-110.

Art. 26. Gifted and Talented Students, 22-26-101 to 22-26-108.

Art. 27.5. Before- and After-School Dropout Prevention Programs, 22-27.5-101 to 22-27.5-106.

Art. 28. Colorado Preschool Program Act, 22-28-101 to 22-28-113.

Art. 29. Character Education, 22-29-101 to 22-29-106.

English Language Learner/Bilingual Education

See Low Income / Comp Ed / At-Risk

Gifted and Talented Education

See Low Income / Comp Ed / At-Risk

Career and Technical Education

No response

Preschool Education

No response

Other

Each school district individually has the discretion, within the limits of existing law, to determine how its Total Program moneys are spent, with one exception required by the state in budget year 2014-15.

Programs for At-Risk Pupils -- Each school district must allocate at least 75% of its at-risk funding to school or district-wide instructional programs for at-risk pupils or to staff development associated with teaching at-risk pupils in the district.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases

Each school district's annual revenue and spending growth is limited by its percentage of growth in pupil enrollment plus the rate (percentage of inflation, in accordance with the Taxpayer's Bill of Rights (TABOR) state constitutional amendment). This limit initially may restrict a district's ability to accept the full amount of funding as determined by the Total Program formula calculation.

In such a case, to subsequently receive the full formula amount of funding, a district must certify to the Colorado Department of Education that receiving the full amount of Total Program funding would not violate its TABOR limit. A district may need to seek voter authorization for an increase to its TABOR limit before being able to make such a certification.

Property Assessment Ratios Used/Legal Standards for Property Assessment

The county assessor determines the valuation of all property located within a district's boundaries (e.g. residential, commercial, agricultural, oil, and gas). The state is responsible for determining the valuation of public utilities within district boundaries. Regardless of property type, *assessed* valuation is based on a percentage of the property's *actual* value. For example, in budget year 2014-15, residential property is expected to have an assessed valuation equal to 7.96% of its actual value.

One mill of tax is the same as one-tenth of one percent (.001). Therefore, on residential property with an actual value of \$100,000 and, thus, an assessed valuation of \$7,960, each mill of tax raises \$7.96.

Measure of Local Ability to Support Schools

Assessed valuation per pupil.

School District Budget and Tax Rate Procedures/Sources of Local Revenue

Two local sources of revenues are incorporated into the Public School Finance Act of 1994, as amended: property taxes and specific ownership (vehicle registration taxes). Funding for a school district's Total Program is provided first by these sources of revenues (the Local Share); if these local sources are insufficient to fully fund Total Program, state moneys fund any shortfall.

Property Taxes

Each school district is required to impose a property tax levy to finance its Local Share of Total Program. The ability to raise money from property taxes varies widely among districts. Differences in tax bases (assessed property values) result in differences in revenues collected, using a given mill levy. Nonetheless, no district's property tax revenues are transferred to any other district; instead, moneys raised remain in the district which imposes the tax.

Beginning in FY 2007-08, legislation was passed to stabilize school district mill levies. The legislation caps mill levies at 27 mills and freezes mill levies for districts with mill levies of 27 mills or less. This legislation applies to the Total Program mill levy only. It does not affect override, bond, special building and technology, full-day kindergarten excess cost, or transportation mill levies. Additionally, this mill levy cap/freeze does not apply to districts that

have not held a successful TABOR election.

The four school districts which have not held a successful TABOR election must levy the least/smallest mill resulting from the following three options: (1) the mill that it levied in the prior year; (2) the mill necessary to entirely pay for its Total Program and categorical programs, less any specific ownership tax revenues and minimum State Share funding received (see subsequent discussion); or (3) the maximum mill allowed by the TABOR constitutional amendment.

Specific Ownership Taxes

Vehicle registration taxes are collected by counties and are shared with school districts. Each district's Local Share includes an amount of specific ownership tax revenue equal to the prior budget year's actual amount received.

Other Funding

Local Funding Sources

Override Revenues (C.R.S. 22-54-108)

A school district may desire to spend more property tax revenues than authorized/required to fund its Total Program. In this event, a district must seek approval from its voters to raise and expend "override" property tax revenues via an additional mill levy. Override revenues also are permitted for a district whose budget year 1994-95 actual Total Program exceeded its budget year 1994-95 formula calculation (a "hold harmless" district).

A district's override revenues cannot exceed 25% of its Total Program or \$200,000, whichever is greater, plus an amount equal to the maximum dollar amount of property tax revenue that the district could have generated for FY 2001-02 in a Cost of Living Adjustment election. All override revenues come from increased property taxes; no additional state funding occurs. A district's authorization to raise and expend "override" revenues does not affect the amount of State Share funding which the district is eligible to receive.

Contingency Reserve (C.R.S. 22-54-117)

The Colorado State Board of Education is authorized to approve emergency supplemental payments to assist school districts. Such payments are made at the discretion of the Board and following applicable statutory guidelines.

State Support for Nonpublic Schools

State funding of nonpublic schools is not allowed by the State Constitution. Private vendors receive state funding for education where pupils are placed by courts in private facilities with approved on grounds schools.