

**CEA Summary of School Finance
Senate Bill 09-256 ~ FY 2009-2010**

SB 256 passed the legislature on May 5 after two conference committees to work out differences between the Senate and House versions of the bill. Below is a summary of the final bill.

K-12 SCHOOL FUNDING FOR THE 2009-2010 BUDGET YEAR

Total Program Funding

Base per pupil funding plus factors added to the base; includes both state and local tax dollars.

- For 2009-2010 budget year, increases statewide total program funding by \$343 million (6.41 percent)
- Funds pupil growth projected at 1.35 percent.
- For 2009-2010 budget year, requires districts to set aside approximately 1.9 percent of the total increase in school funding in a reserve fund. Funding may be released after January 29, 2010 if the General Assembly or Joint Budget Committee has not required a rescission in K-12 funding by that date.
- For 2009-2010 budget year, the School Finance unit at CDE (\$1.7 million) and the Biannual Cost of Living Study (\$250,000; to adjust the cost of living factor) will be funded off the top of school districts.

Statewide Base per Pupil Funding

Portion of per pupil funding upon which the Amendment 23 inflation plus one percent increases is applied through 2010-2011 (inflation only thereafter).

- For the 2009-2010 budget year, base per pupil funding increases by 4.9 percent (3.9 percent inflation plus 1 percent) from \$5,250.41 to \$5,507.68, an increase of \$257.27 per pupil.
- In 2008-2009, the base was reduced by \$19.72 per pupil (which was added above the Amendment 23 requirement).

Factors

Additional funding added to the per pupil base funding intended to take into account cost differences between districts based on student demographics and geographic district location. Factors include: size factor (funding adjustment for small districts that have less economies of scale); cost-of-living factor (funding adjustment for districts located in expensive areas); and at-risk factor (funding adjustment for districts to better serve students from poor and/or non-English speaking families).

- No changes to factors for the 2009-2010 budget year.

Statewide Average per Pupil Funding

- For the 2009-2010 budget year, the average per pupil funding increases by 4.99 percent to \$7225.
- Because of the \$19.72 reduction to the base in 2008-2009, the average per pupil funding dropped from \$6904 to \$6882 in the previous budget year.

Minimum per Pupil Funding

Lowest amount of funding per pupil that can be provided to a school district; also known as “floor” funding. It is calculated at 95 percent of statewide average per pupil funding.

- For the 2009-2010 budget year, the minimum per pupil funding is \$6,855.

Online Per Pupil Funding

- For 2009-2010 budget year, full time online students will be funded at \$6,641.

Total Categorical Funding

Programs funded outside of total program funding. Amendment 23 inflation plus one percent increases applies to the total amount of all categorical funding through 2010-2011 (inflation thereafter); categorical funding is always included in the Long Appropriations Bill and not in the school finance bill. Categorical programs include: Special Education – Children with Disabilities; Special Education – Gifted and Talented; Transportation; Vocational Education; English Language Proficiency Program; Expelled and At-Risk Student Services Grant Program; Small Attendance Centers; and Comprehensive Health Education.

- For 2009-2010 budget year, the total categorical budget increases by 4.9 percent or \$10,752,609 above 2008-2009 budget year.
- Special Education – Children with Disabilities categorical receives no increase because of the significant increase in Federal IDEA funding through the American Recovery and Reinvestment Act (ARRA) which increased funding by \$154 million.
- English Language Proficiency Program was increased by 40.7 percent or \$3.5 million above last year’s funding.

Full Day Kindergarten Program

- Maintains per pupil funding for kindergarten student FTE at 0.58 for 2009-2010. This is the same funding level as in 2008-2009.
- Requires that districts return to the state any unexpended, unencumbered funds received for FY 08-09.

ISSUES RELATED TO DISTRICT FUNDING AND BUDGET FLEXIBILITY

Capital/Insurance Reserves

- Repeals the requirement that districts, charter schools and CSI schools set-aside a specific amount of funds for capital and/or insurance reserves.
- Stipulates that any money in a capital reserve or insurance reserve funds that have not been spent prior to 2009-2010, must still be spent for purposes set forth by the funds in this year or any budget year thereafter and not for other purposes.
- Eliminates restrictions on the expenditures of capital reserve funds including labor and materials exceeding \$2500, installation of equipment exceeding \$1000, software licensing in excess of \$1000, and acquisition of computer equipment in excess of \$500.

Instructional Supplies and Materials

- Repeals the requirement that districts, charter schools and CSI schools set-aside a specific amount of funds for instructional supplies.

- Stipulates that any money in a district’s instructional supplies funds that have not been spent prior to 2009-2010, must still be spent for purposes set forth by the funds in this year or any budget year thereafter and not for other purposes.

TABOR 3 percent Reserve

- Allows districts to use property owned for 3 percent TABOR requirement if they provide an emergency reserve within their general fund of at least 3 percent.
- If district opts to use property, requires that they secure a letter of credit and provide a letter of intent to the State Treasurer and CDE.
- Requires district is to pay back their emergency reserves:
 - First time use: pay back within 36 months.
 - Second time use: pay back by the end of the following fiscal year.

Mill Levy Cap

- Increases the mill levy cap from 20 percent to 25 percent.
- If a district goes above 20 percent, requires them to notify and submit a plan to the State Board of Education stating how the district intends to spend the money. This includes capital construction projects.
- Removes Specific Ownership Tax from the calculation of mill levy cap providing districts more flexibility to increase funding via a mill levy election.

Transportation Override Elections

- Allows the purchase of school buses or other capital outlay purchases to be included in transportation override elections.

OTHER ISSUES NOT RELATED TO DISTRICT FUNDING

Capital Construction – Charter Schools

- For 2009-2010 budget year, maintains \$5 million in funding.
- Requires funding be distributed in twelve equal monthly payments.

Centers of Excellence & Closing the Achievement Gap

- Creates \$250K in awards for schools with 75 percent or more free/reduced lunch students who demonstrate the highest rates of student academic growth as determined by CDE based upon the longitudinal growth model.
- Increases \$1.75 m in funding for the Closing the Achievement Gap Program under 22-7-611. Program provides school support teams and financial support for low-performing schools and districts identified by CDE.
- For 2009-2010, funding is from unexpended funds in Read-to-Achieve moneys.

Statewide Schools for Special Student Populations

- Establishes a study to assess the feasibility of creating statewide schools, including residential school and schools designed to serve special populations. CDE is required to report back on feasibility, cost of implementation, support, etc.
- Provides Commissioner of Education authority to establish a state residential school for students at-risk of academic failure after the completion of a feasibility study. The school’s academic program would focus on math and science. Appropriated up to \$3 million to implement the school and provided authority to withhold state share of PPOR from the district in which the school is located for each student who enrolls in the school. Any additional funding needed to operate the school would need to be obtained through

gifts, grants and donations. If the school is not created, the \$3 million in funding may be directed at improving secondary-level math and science curricula in the state.

Career and Education Plans for Students

- Requires Districts to register students with College in Colorado beginning in 6th grade.
- By 2010-2011, school districts and charter schools are required to have individual career and education plans for students in grades 9-12 that meet or exceed the standards adopted by the State Board of Education. Any software or online tool (such as College in Colorado) may be used.

Employment Contracts

- Requires new teachers or administrators who receive a contract for employment to sign the contract within 30 days of receipt (unless other arrangements have been made) or the district may extent the contract to others.