

UNDERSTANDING COLORADO SCHOOL FINANCE AND CATEGORICAL PROGRAM FUNDING



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Colorado public schools receive funding from a variety of sources. However, most revenues to Colorado's 178 school districts are provided through the Public School Finance Act of 1994 (as amended). In budget year 2008-09, this legislation provides for over \$5.3 billion of funding to Colorado school districts via state taxes (\$3.39 billion), local specific ownership (vehicle registration) taxes (\$160 million), and local property taxes (\$1.8 billion). Moneys provided via the Public School Finance Act of 1994 are available to each school district to fund the costs of providing public education.

PUBLIC SCHOOL FINANCE ACT OF 1994 (as amended) **(C.R.S. Article 54 of Title 22)**

The Public School Finance Act of Colorado is a formula used to determine state and local funding amounts for the state's 178 school districts and the Charter School Institute. Total Program is a term used to describe the total amount of money each school district receives under the School Finance Act.

DETERMINING TOTAL PROGRAM (C.R.S. 22-54-104)

A) Counting Pupils

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, but was in attendance prior to October 1st.

Generally, pupils in grades 1 through 12 are counted either as 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 Program discussion below) pupils are counted as part-time. Beginning in FY 2007-08, students enrolled in the "Fast College, Fast Jobs" program (see Fast College, Fast Jobs" Program discussion below) who are enrolled in at least 12 credit hours of higher education courses are counted as a .85 FTE. All other students in the program are counted as full 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. As such, the impact of annual enrollment variances on funding is softened.

Beginning in FY 2008-09, the funded pupil count is defined as the district's "On-line Pupil Count" plus the district's Colorado Preschool Program Pupil Count plus the district's Supplemental Kindergarten Enrollment (.08 of the Kindergarten headcount) plus the higher of current year enrollment or the average of 2, 3, 4, or 5 years enrollment. Pupil enrollment shall include any pupil enrolled during FY 2001-02 in an on-line program.

HB04-1362 established the State Charter School Institute. The Institute will have sixteen charter schools in FY 2008-09. The institute charter school enrollment is added to the funded pupil count and on-line pupil enrollments of the "accounting district". The accounting district is defined as the school district within whose geographic boundaries an institute charter school is physically located.

School district funded enrollments in budget year 2008-09 are projected to range from 58.1 full-time equivalent (FTE) pupils to 81,662.7 full-time equivalent (FTE) pupils.

- **Colorado Preschool Program (C.R.S. 22-28-101)**

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 budget year 2008-09, funding is provided for the participation of up to 20,160 children who are eligible to be included in districts' funded pupil counts.

- **Fast College, Fast Jobs Program (C.R.S. 22-35.5-101)**

SB07-148 established a Fast College, Fast Jobs Pilot Program. Districts eligible to participate are those offering ninth through twelfth grades with a graduation rate of less than seventy-five percent. The program allows students to receive a high school diploma and an associate's degree or a career and technical education certificate within five years.

B) Total Program Funding to school districts is based on a per-pupil formula that calculates Total Program. For each pupil funded (see definition of "funded pupil" above) 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, and (c) size. The Total Program amount also includes additional funding for at-risk pupils. As these components vary among school districts, so do the expenses of the districts and, as such, the amount of Total Program funding provided.

To calculate Total Program, use the following formula:						
Funded Pupil Count (October 1)	Times	Total Per- Pupil Funding	Plus	At-risk Funding	Plus	On-line Funding

- **Total Per-pupil Funding**

Base Funding -- the base amount of funding for each pupil is \$5,270.13 in budget year 2008-09. **To this amount is added funding based on the specific factors as outlined below to arrive at a Total Per-pupil Funding amount for each district.**

Cost of Living Factor -- the cost of living factor reflects the differences in the costs of housing, goods, and services among each of the 178 school districts in the state. Cost differences are reviewed every two years to allow for timely recognition of economic changes. This factor is index-based, with a range from 1.010 to 1.647 in budget year 2008-09.

The cost of living calculation changed in FY 2004-05, replacing inflation with the increase in household income level. A district's cost of living factor is increased based on its cost of living increase above the household income increase, rather than its increase above inflation.

Personnel Costs Factor -- the personnel costs factor varies by school district based on enrollment. For all districts, employee salaries and benefits represent the largest single expense. As such, the formula directs funding based on these costs, using historical information and incorporating the above cost of living factor. This factor is projected to range from 79.91% to 90.50% in budget year 2008-09.

Size Factor -- like the above personnel costs factor, the size factor is determined using an enrollment-based calculation and is unique to each school district. This factor is included to recognize purchasing power differences among districts and to reflect the expression of funding on a per-pupil basis.

"Smaller" districts (fewer than 4,023 pupils) receive greater size factors and, thus, increased funding. Districts with greater than 4,023 pupils receive more moderate size factor adjustments.

A district with fewer than 500 pupils in which a charter school operates, receives an additional, compensating adjustment via an increased size factor designed to help mitigate the impacts of such an arrangement in a small district.

Size factors are projected to range from 1.0297 to 2.384 in budget year 2008-09. Each size factor was reduced by .0045 in FY 2003-04.

At-Risk Funding -- 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 (see prior discussion). As a district's percentage of at-risk population increases above the statewide average (roughly 31.47%), 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. Beginning in FY 2005-06 the definition of at-risk students was expanded to include students whose CSAP scores are not included in calculating a school's performance grade because the student's dominant language is not English and who are also not eligible for free lunch.

On-Line Funding -- Pupils enrolled in a certified Multi-district on-line program are funded at the on-line per pupil amount of \$6,355, unless the student was enrolled in the district's on-line program in FY 2001-02; then a pupil is funded at the districts current per pupil funding amount as calculated below. Pupils enrolled in a Single district on-line program are funded at the districts current per pupil funding amount as calculated below. A Single district program is defined as a district on-line program which enrolls no more than 10 students from another district.

C) Minimum Total Program

For budget year 2008-09, each school district is guaranteed Total Program funding consisting of the sum of \$6,550.19 per traditional pupil plus \$6,355 per online pupil. In FY 2007-08 minimum per pupil funding for traditional pupils was increased to represent 94.3% of the state average per pupil funding less on-line funding. In FY 2008-09, minimum per pupil funding for traditional pupils equals 95% of the state average per pupil funding less on-line funding. In budget year 2008-09, fourteen districts are projected to receive funding based on the Minimum Total Program provision.

D) Maximum Total Program

Each school district's annual Total Program per pupil funding cannot exceed 125% of its prior budget year Total Program per pupil funding. For budget year 2008-09, no district is projected to reach this maximum limit.

E) Limitation on Increases in Total Program

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.

In budget year 2008-09, 3 districts will be required to comply with the certification process or risk not receiving over \$8.4 million of funding. The remaining 175 districts have received prior voter authorization and, thus, will receive the full formula amount of total program funding.

F) Illustration of Total Program Calculation

In budget year 2008-09, Total Program funding for all 178 school districts is projected to range from \$6,550.19 per pupil to \$14,673.91 per pupil, with an average across all districts of \$6,904.16 per pupil.

	Low	High	On-Line
Funded Pupil Count	2,824.3	58.1	36,650.4
Base Funding (BF)	\$5,270.13	\$5,270.13	\$5,270.13
Cost of Living (CL)	1.172	1.010	1.121
Personnel Costs (PL)	86.57%	79.97%	90.50%
Size (SZ)	1.0461	2.3654	1.0297
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Total Per-Pupil Funding SZ*[(BF*CL*PL)+(BF*(1-PL))]	\$6,334	\$12,566	\$6,512
At-Risk Pupil Count	617.0	20.0	10,699
"Base" At-Risk Funding 12% * Total Per-pupil Funding	\$760	\$1,508	\$781.44
"Population" At-Risk Funding district % > state %	N/A	N/A	N/A
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Total At-Risk Funding (included in Total Per-Pupil Funding)	\$468,920	\$30,160	\$8,360,627
On-Line Pupil Count.....	N/A	N/A	3,342.5
Per-Pupil Funding	N/A	N/A	6,355.00
Total On-Line Funding	N/A	N/A	\$21,241,587

Total Program Formula.....	\$18,358,037	\$760,222	\$218,269,632
Per-Pupil	\$6,500	\$13,085	\$6,708
Total Program Funding Guarantee	\$18,499,702	\$380,566	\$261,308,672
Minimum Total Program Guarantee	\$6,550.19	\$6,550.19	\$6,550.19
Total Program per Pupil.....	\$6,550.19	\$13,085	\$6,708

G) Earmarked Revenue (C.R.S. 22-54-105)

Each school district individually has the discretion, within the limits of existing law, to determine how its Total Program moneys are spent, with three exceptions required by the state in budget year 2008-09.

1. *Instructional Supplies and Materials* -- Each school district must budget a minimum of \$184 per pupil for instructional supplies and materials. Beginning in FY2006-07, if a district's expenditures for instructional supplies, materials and capital outlay exceeds the amount required to be budgeted in a given year, the district may subtract an amount equal to the amount of excess expenditures in that budget year from the amount required to be budgeted in the subsequent budget year.
2. *Capital and/or Insurance Reserves* -- Most school districts must budget a minimum of \$298 per pupil, not to exceed \$800 per pupil, for capital reserves or for insurance reserves/other risk management activities. However, this revenue allocation is optional for any district with existing capital reserves in excess of \$1,490 per pupil (five years of the minimum allocation requirement).

For the 2007-08 budget year and each budget year thereafter, allows a school district that sells lands, buildings, or both, collects payment in lieu of the reservation or dedication of sites and land areas for schools, or collects payments or contributions as a result of a voluntary agreement with a developer and deposits the proceeds of the sale or the collection of payment or contributions into the district's capital reserve fund to reduce the total amount of per pupil revenues that the district is required to allocate to the fund by an amount equal to the amount of the sale proceeds deposited into the fund.

3. *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 each district.

DETERMINING LOCAL SHARE (C.R.S. 22-54-106)

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 local sources of revenues (the Local Share); if these local sources are insufficient to fully fund Total Program, state moneys fund any shortfall.

A) 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.

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 2008-09, 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.

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 three 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.

Statewide across all school districts, property taxes are projected to provide \$2,338 per pupil, or about 34% of Total Program funding.

B) 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.

Statewide across all school districts, specific ownership taxes are projected to provide \$207 per pupil, or about 3% of Total Program funding.

DETERMINING STATE SHARE

Funding from the state (State Share) is provided to each school district whose Local Share is insufficient to fully fund its Total Program. Payments of State Share moneys are made monthly to districts and are funded primarily from state income (personal and corporate) and sales and use tax revenues collected.

In budget year 2008-09, State Share financing to districts is projected to range from \$119 per pupil to \$11,862 per pupil. (Each district is guaranteed at least \$119.01 per pupil.)

Statewide across all school districts, State Share is projected to provide \$4,392 per pupil, or about 63% of Total Program funding.

OTHER FUNDING

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 20% 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 voter approval to raise and expend "override" revenues does not affect the amount of State Share funding which the district is eligible to receive.

Capital/Building Needs –

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

1. ***Capital Reserve Fund*** (C.R.S. 22-45-103(c))-- Most districts are required to budget at least \$298 (but no more than \$800) per pupil to meet capital and/or insurance needs (see previous *Earmarked Revenue* discussion). Capital-related expenditures are allowed for: (1) acquisition of land, improvements, buildings, equipment, and furnishings and construction of new facilities and additions to existing facilities; (2) alterations and improvements to existing structures; (3) acquisition of school buses and certain other equipment; (4) installment purchase or lease agreements; and (5) software licensing agreements. In order for any expenditure to qualify as a "capital expenditure," an individual item must cost at least \$1,000 and any given project must cost at least \$2,500.
2. ***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. (See Charter School Section Below)

3. ***Special Building and Technology Fund*** (C.R.S. 22-45-103(1)(d)) -- 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.
4. ***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"

5. **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.

6. **Full Day Kindergarten Capital Construction Grant** (C.R.S. 22-43.7-301) -- The State Board shall provide grants with 50% of monies and matching grants with 50% of the monies to renovate facilities or to provide a temporary auxiliary facility that will be used to provide a full-day kindergarten program in both traditional and charter schools. Applications from school districts on behalf of district schools or district charter schools or directly from institute charter schools shall be submitted to the department no later than July 1 each year. In FY 2008-09, the legislature appropriated \$34.5 million.

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.

Charter School Funding (C.R.S. 22-30.5-112)

Charter schools are funded based on the October 1 pupil count as reported to their school district. Charter schools receive 100% of the per pupil revenue for each pupil enrolled in the charter school. The district may charge the charter school for central administrative overhead costs for services actually provided to the charter school.

For charter schools in districts with more than 500 pupils, these central administrative overhead costs may not exceed 5% of district per pupil revenue (see illustration above) for each pupil enrolled in the charter school including on-line pupils.

For charter schools in districts with 500 or fewer pupils, these central administrative overhead costs may not exceed 15% of district per pupil revenue for each pupil enrolled in the charter school including on-line pupils.

A charter school who is an eligible small attendance center will receive 100% of the funding provided to the district for a small attendance center. (C.R.S. 22-54-122(4))

Charter schools that serve students who may be eligible to receive services provided through federal aid programs shall comply with federal reporting requirements to receive the federal aid.

Charter School At-Risk Funding – new in FY 2004-05

The alternate at-risk funding calculation applies only to charter schools that are newly created in FY 2004-05 or after; are in a district that has retained exclusive chartering authority; and the district has an at-risk percentage greater than 40%. The intent of the alternate at-risk funding

calculation is to provide at-risk money based on the at-risk population served by the charter school.

The alternate at-risk funding formula is: (The accounting district's at-risk funding divided by the accounting district's funded pupil count) x (the district charter school's percentage of pupils eligible for free lunch divided by the accounting district's percentage of pupils eligible for free lunch) NOTE: THIS CALCULATION WORKSHEET IS POSTED ON THE SCHOOL FINANCE WEB PAGE.

Charter School Capital Facilities Funding

School districts considering submitting any question of contracting bonded indebtedness to the electors of the district shall invite each charter school to participate in discussions regarding the possible submission of a question. Each district is encouraged to voluntarily include funding for the capital needs of the charter schools in the district's question. A charter school that has capital construction needs may seek funding by requesting the district Board of Education to:

1) Include the charter school's capital construction needs in the district's ballot question for approval of bonded indebtedness; or 2) submit a special mill levy ballot question to the voters of the district, upon request of the charter school.

The special mill levy for Charter Schools shall not exceed 1 mill in any year or exceed 10 years in duration for a single ballot question, but multiple ballot questions may be submitted. Costs of the election shall be borne by each charter school to receive revenue from the mill levy in proportion to the pro-rata share, unless other cost-sharing arrangements are agreed upon, or if the district decides to bear some or all of the costs.

Charter School Capital Construction Funding

In FY 2008-09 State Education Fund moneys to be distributed to charter schools for capital construction is \$10 million. The funds will be distributed based on a per pupil share for all pupils enrolled in a "qualified charter school" that is not operating in a school district facility and half of the per pupil share for "qualified charter schools" operating in a school district facility and that has capital construction costs. No funding is provided to qualified charter schools operating in a school district facility that does not have capital construction costs.

Colorado School Finance - Categorical Program Funding

Introduction

In addition to the Total Program funding provided by the Public School Finance Act of 1994 (as amended), Colorado school districts may receive state funding to pay for specific programs designed to serve particular groups of students or particular student needs. Such programs often are referred to as "categorical" programs.

While there are many different programs which are funded, this brochure addresses the six primary categorical program areas which regularly receive state funding: English language proficiency education, gifted and talented education, small attendance centers, special education, transportation, and vocational education.

In budget year 2008-09, the state of Colorado will make available approximately \$220 million in support of these main categorical programs.

Small Attendance Centers (Article 54 of Title 22, CRS)

In budget year 2008-09, it is estimated that roughly 897 pupils in Colorado will attend local schools each with less than a total of 200 pupils enrolled and each located 20 or more miles from any similar school (e.g., elementary) within the same school district.

Districts operating these "small attendance centers" face unique costs attributable to these remote locations. Accordingly, separate state funding is available to school districts facing these challenges. In budget year 2008-09, a total of \$943,333 is projected to be available to 11 school districts operating a total of 13 remote schools.

Allocation of these funds is determined via a formula which incorporates the respective district's total pupil population and the relative burden added by the presence of small attendance center pupils. The total estimated impact of these schools is roughly \$2.8 million. The available state funding will cover about 35% of this amount, while districts provide the remaining 65% from other available funds.

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English Language Proficiency Act (ELPA) (Article 24 of Title 22, CRS)

Currently, it is estimated that 100,000 Colorado public school students (12% of total statewide enrollment) have dominant languages other than English and are functioning below grade level. These students enroll in public school districts speaking 208 different native languages. Spanish speaking students constitute 80% of ELPA-eligible students.

The English Language Proficiency Act (ELPA) recognizes that each of these students educational potential is severely restricted because a language other than English is his/her primary means of communication. Further, it recognizes that transitional programs will improve not only these students' English language skills but also their educational and career opportunities. As such, the Act provides funding to support school district programs for students who are limited-English proficient.

A school district may receive funding based on three classifications of eligible students: A, B, and C. Category A students speak languages other than English and do not comprehend or speak English. Category B students comprehend or speak some English, but their predominant comprehension or speech is in a language other than English. Category C students have dominant languages which are difficult to determine as they comprehend and speak English and at least one other language.

In budget year 2008-09, state funding for this program is projected to total approximately \$8.6 million. Over 75% of this total is provided to districts to help fund programs for Category A and Category B students. The remainder is distributed to districts in support of programs for Category C students. For each eligible student in each district, the Act provides funding for a maximum of two years.

In budget year 2008-09, it is estimated that the state ELPA funding amount will be provided on behalf of approximately one-half of the 100,000 identified students and will support roughly 20%

to 25% of the total educational expenditures incurred by districts to address the English language proficiency needs of their students.

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Gifted and Talented Education (Article 20 of Title 22, CRS) & (Article 26 of Title 22, CRS)

Colorado administrative units serve over 56,000 gifted and talented students in Colorado public schools, representing about 7% of the student population. The state Exceptional Children's Educational Act (ECEA) defines gifted students as those *"whose abilities, talents, and potential for accomplishments are so outstanding that they require special provisions to meet their educational needs... Gifted students are capable of high performance in any or a combination of these areas: general intellectual ability, specific academic aptitude, creative and productive thinking, leadership and human relations skills, visual and performing arts, and psychomotor."*

The ECEA statute allows administrative units the opportunity to develop and implement Gifted Education Program Plans unique to the needs of the gifted population within the administrative unit. To that end, administrative units use a variety of methods to deliver a continuum of services for gifted student education. Programming includes differentiated instruction, affective guidance and counseling and a variety of content options to meet the diverse areas of giftedness. Accountability for the achievement of gifted students is embedded in district and classroom assessment practices and reporting policies. Program accountability is a process of self-evaluation, state monitoring and accreditation requirements. Gifted student achievement data is disaggregated for instructional and informational purposes. All parents and students should have equal access to information and programming regarding Gifted Education in the local area.

In budget year 2008-09, state categorical funding for gifted and talented programs will be \$8.4. All administrative units are required to identify and provide services for gifted students. The extent of gifted education programming is dependent upon local resources and State supplemental funds.

State funding may be used for salaries of licensed, endorsed teachers who work with gifted and talented students; staff development and training needed by personnel to address the educational needs of these students; and activities, materials, and equipment associated with the education of gifted and talented students.

To access state funding, an administrative unit must submit an annual plan which at a minimum outlines its: (1) definition of "gifted and talented" students; (2) procedures for identifying such students; (3) programming options and strategies; (4) evaluation and accountability plan; (5) personnel involved in the gifted educational programs; and (6) gifted education program budget.

Each administrative unit's budgetary commitment to gifted and talented student education must equal or exceed the amount of state funding it receives. It is estimated that in budget year 2008-09, administrative units will combine state funding with an additional \$34 million from local and other resources to provide educational programs for their gifted students.

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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 2008-09, Colorado administrative units will serve approximately 82,000 students with disabilities, or about 10.5% of the total pupil enrollment. Administrative units will provide services to 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: long-term physical impairment or illness, significant limited intellectual capacity, significant identifiable emotional disorder, specific learning disability, or speech or language impairment.

State ECEA funding of special education programs for children with disabilities is \$127.5 million for budget year 2008-09.

- 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; or (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.
- Administrative units will receive \$2.2 million for screening and evaluation of children from birth through two years of age.
- 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 2008-09, it appears likely that total special education costs will equal roughly \$700 million, or about 7% of total educational expenditures. State funding covers approximately 16% of special education costs; federal funding covers an additional 21% of these costs; other sources of funds cover about 1%; and local sources of funding cover the remaining 62% of the costs.

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Transportation (Article 51 of Title 22, CRS)

In budget year 2008-09, school districts will provide transportation for an estimated 312,000 students from home to school, from school to home, and from school to school. Daily, about 42% of the total Colorado public school student enrollment uses district-provided transportation.

School districts employ a fleet of over 6,300 buses and small vehicles traveling approximately 61.8 million miles each year. Districts also may opt to contract with private entities to provide student transportation services or may pay parents to transport their children to and from school. Only one Colorado school district elects not to provide some level of transportation services for its students.

The Public School Transportation Fund provides state moneys annually to school districts to help defray student transportation expenses incurred. Moneys are provided to cover operating expenses such as driver salaries, fuel, and repairs. However, state funding generally is not available to cover capital costs such as school bus purchases. Payment to districts from the Public School Transportation Fund is provided on a reimbursement basis for the twelve-month period ending each June 30.

Each district is eligible to receive a \$0.3787 (37.87 cents) per-mile-traveled reimbursement. Further, each district may receive funding equal to 33.87% of its total costs remaining after the per-mile-traveled reimbursement (the "excess costs" reimbursement).

It is likely that school district total transportation expenses in budget year 2007-08 (for reimbursement in budget year 2008-09) will equal roughly \$182 million. Of this amount, approximately \$75.9 million will be eligible for state reimbursement using the per-mile-traveled and excess cost reimbursement formula above. In budget year 2008-09, state funding to reimburse school districts' prior-year transportation expenses equals \$45.8 million. State funding will cover only about 60% of districts' total reimbursement claims.

To make up such a shortfall, a school district generally relies upon other, local sources of revenues already available to it. However, a district may opt to generate additional local revenues to support its transportation program via an additional mill levy to generate increased property tax revenues or via a separate transportation user fee. The additional mill levy requires school board support and voter approval. Beginning in FY 2005-06, a district may impose a transportation user fee without prior voter approval. A district is required to have a school board resolution to establish the user fee schedule. Prior to adopting a resolution, the district must hold a public meeting and provide notice of the meeting at least 30 days prior to the meeting date. Currently, only nine districts have received voter approval to levy separate mills to generate increased property tax revenues to help fund total transportation costs; no district has imposed a separate user fee.

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Vocational Education (Article 8 of Title 23, CRS)

Roughly 90% of Colorado school districts provide career and technical educational (CTE) opportunities to their students. Programs are designed to provide students with occupational skills and related knowledge to meet identified needs of business and industry. While these offerings are provided through local school districts, administration of state funding for these programs as

well as program approvals and monitoring, research, and professional development are provided through the State Board for Community Colleges and Occupational Education.

In budget year 2008-09, state funding in support of school district-offered career and technical education programs is projected to total approximately \$21.7 million. Funding is provided on a per-pupil basis to districts to cover the cost of instructional personnel, supplies, equipment, and instructional services provided by cooperating agencies or institutions.

For State Board-approved programs, this funding is available to a school district if its CTE program costs exceed 70% of the per-pupil funding otherwise available to it via the Public School Finance Act of 1994. Specifically, the state covers 80% of the first \$1,250 of these "excess" costs, and 50% of any excess costs over \$1,250.

In budget year 2008-09, district CTE program expenses are estimated at approximately \$89 million, of which \$22.8 million will be eligible for state reimbursement. Available state funding will cover about 90.2% of the \$22.8 million, while districts provide the remaining 9.8% from other, local sources.

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"Buyout" of Categorical Program Funding

In limited instances, an individual school district may **not** receive state funding for these above categorical programs. Instead, it may be required to use **local** property tax revenues to fund these programs.

Specifically, a district may be capable of funding its entire Total Program using only specific ownership taxes, property taxes, and the minimum amount of State Share. In this case, such a district must fund the above categorical programs where possible by increasing its property tax mill. The district thus "buys out" state funding of these programs using the additional property tax revenues generated by the increased mill levy.

In budget year 2008-09, current projections indicate that one district will be required to buy out a portion of their state categorical program funding.

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