



## STATE FUNDING FOR PK-12 EDUCATION

by Amy Zook

State funding for PK-12 education (preschool through twelfth grade) increased by \$228.9 million or 10.3 percent, to \$2,449.4 million, for FY 2001-02. This money represents state funds that are distributed directly to schools and school districts for their day-to-day operations (School Finance Act) and for other programs and needs such as the Read-to-Achieve Program, capital construction, teacher pay incentives, and technology grants. This issue brief examines the allocation of state moneys among the various programs that distribute moneys to schools and school districts.

**Revenue sources for increased funding.** The increased funding of \$228.9 million is almost evenly split between the General Fund (\$124.4 million) and the newly created State Education Fund (\$120.3 million). These two sources exceed the \$228.9 million increase because cash funds — primarily school lands and federal mineral lease revenues — decreased by \$15.9 million.

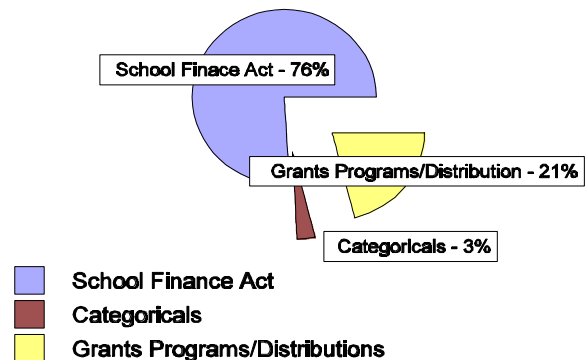
The FY 2001-02 state funding increase of 10.3 percent compares to a FY 2000-01 increase of \$171.9 million, or 8.3 percent. The primary factor driving the increase this year relative to last year was the creation of the State Education Fund. Amendment 23, passed by Colorado voters at the November 2000 General Election, created the fund. Revenue to the fund is from a tax of one-third of one percent of Colorado's taxable income.

Graph 1 provides a visual perspective of the allocation of the \$228.9 million increase. The greatest portion — \$173.8 million — funded the School Finance Act. Next was funding for grants and other school programs at \$48.0 million. The remaining \$7.1 million funded categorical programs. Table 1, on the following page, compares education funding for FY 2000-01 and FY 2001-02.

**School finance and categorical programs.** The \$173.8 million total state share increase for the School Finance Act is 8.5 percent and consists of \$114.5 million

**Graph 1**

### Distribution of \$228.9 Million



from the General Fund, \$70.5 million from the State Education Fund, and a decrease in cash funds of \$11.2 million. The General Fund increase is 5.8 percent, which is 0.8 percentage point greater (\$15.7 million) than the 5 percent increase required by Amendment 23. The General Assembly also increased funding for categorical programs by the required 5 percent under Amendment 23 (\$7.1 million), to \$149.3 million. Amendment 23 specifically identified the programs in this grouping as categorical programs and allows the General Assembly to designate additional categorical programs in the future.

**Other grant programs and distributions.** This category of distributions to school districts includes programs that do not fall within the school finance formula or the Amendment 23 listing of categorical programs. Funding for grant programs and other miscellaneous distributions to public schools increased by \$48 million, from \$30.2 million to \$78.2 million. The State Education Fund accounted for a majority of the increase — \$42.5 million. Most of the increase in this category was used to fund new programs such as: school improvement grants, teacher pay incentives for poor performing schools, technology/education grants, a summer school program, purchasing textbooks, and charter school capital construction.

| <b>Table 1</b><br><b>State Appropriations for PK-12 Education - FY 2000-01 and FY 2001-02 (millions)</b> |                   |                   |                      |                       |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|----------------------|-----------------------|
|                                                                                                          | <b>FY 2000-01</b> | <b>FY 2001-02</b> | <b>Dollar Change</b> | <b>Percent Change</b> |
| <b>School Finance Act</b>                                                                                | <b>\$2,048.1</b>  | <b>\$2,221.9</b>  | <b>\$173.8</b>       | <b>8.49%</b>          |
| <b>Categoricals</b>                                                                                      |                   |                   |                      |                       |
| Special Education                                                                                        | \$71.5            | \$76.0            | \$4.5                | 6.33%                 |
| English Language Proficiency                                                                             | 3.1               | 3.3               | 0.2                  | 6.33%                 |
| Public School Transportation                                                                             | 36.9              | 38.4              | 1.5                  | 4.00%                 |
| Vocational Education                                                                                     | 17.8              | 18.5              | 0.7                  | 4.00%                 |
| Gifted and Talented                                                                                      | 5.5               | 5.8               | 0.3                  | 5.50%                 |
| Expelled and At-Risk Student Services                                                                    | 5.3               | 5.3               | 0.0                  | 0.00%                 |
| Grants for In-School/Home Suspension                                                                     | 0.5               | 0.5               | 0.0                  | 0.00%                 |
| Small Attendance Centers                                                                                 | 0.9               | 0.8               | (0.1)                | -11.30%               |
| Comprehensive Health Education                                                                           | 0.6               | 0.6               | 0.0                  | 0.00%                 |
| <b>Total - Categoricals</b>                                                                              | <b>\$142.2</b>    | <b>\$149.3</b>    | <b>\$7.1</b>         | <b>5.00%</b>          |
| <b>Other Grant Programs/Distributions</b>                                                                |                   |                   |                      |                       |
| Read-to-Achieve Program                                                                                  | \$19.3            | \$17.6            | (\$1.7)              | -8.88%                |
| Contingency Reserve                                                                                      | 3.8               | 1.8               | (2.0)                | -52.27%               |
| Teacher Development Grant Program                                                                        | 2.0               | 2.0               | 0.0                  | 0.00%                 |
| Capital Construction Expenditure Reserve                                                                 | 5.0               | 15.3              | 10.3                 | 206.18%               |
| Colorado School Awards Program                                                                           | 0.0               | 1.5               | 1.5                  | N/A                   |
| National Academic Award Winners                                                                          | 0.0               | 0.1               | 0.1                  | N/A                   |
| Boards of Cooperative Services                                                                           | 0.2               | 0.2               | 0.1                  | 29.41%                |
| School Improvement Grants                                                                                | 0.0               | 2.9               | 2.9                  | N/A                   |
| Teacher Pay Incentives                                                                                   | 0.0               | 12.6              | 12.6                 | N/A                   |
| Summer School Program                                                                                    | 0.0               | 0.9               | 0.9                  | N/A                   |
| Technology/Education Grants                                                                              | 0.0               | 1.4               | 1.4                  | N/A                   |
| Purchase Textbooks                                                                                       | 0.0               | 14.1              | 14.1                 | N/A                   |
| National School Lunch Act                                                                                | 0.0               | 2.5               | 2.5                  | N/A                   |
| Charter School Capital Construction                                                                      | 0.0               | 5.3               | 5.3                  | N/A                   |
| <b>Total - Grant Programs/Distributions</b>                                                              | <b>\$30.2</b>     | <b>\$78.2</b>     | <b>\$48.0</b>        | <b>158.68%</b>        |
| <b>TOTAL - ALL PROGRAMS</b>                                                                              | <b>\$2,220.5</b>  | <b>\$2,449.4</b>  | <b>\$228.9</b>       | <b>10.31%</b>         |
| <b>General Fund</b>                                                                                      | <b>2,121.6</b>    | <b>2,246.1</b>    | <b>124.4</b>         | <b>5.87%</b>          |
| <b>Cash Funds</b>                                                                                        | <b>98.8</b>       | <b>83.0</b>       | <b>(15.9)</b>        | <b>-16.04%</b>        |
| <b>State Education Fund</b>                                                                              | <b>0.0</b>        | <b>120.3</b>      | <b>120.3</b>         | <b>N/A</b>            |