

# Welcome Task Force Members & Guests

## A few notes prior to the meeting starting:

Task Force Members, if possible, please change your screen name to be TF\_Your\_Name, please have your camera on and relevant documents available at the beginning of the meeting.

- Welcome to the public who are watching the meeting via Live Streaming. If we have a breakout session in today's meeting, individual breakout rooms will not be streamed. These discussions will not involve any decision making and a readout from each breakout will be provided when the full meeting resumes.
- If the public has any questions or comments, these can be sent via email to Amy Carman at [carman\\_a@cde.state.co.us](mailto:carman_a@cde.state.co.us)

# SB 23-287 School Finance Task Force



**October 31, 2023**

**Virtual Meeting**



**SCHOOL + STATE  
FINANCE PROJECT**

# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Cost of Living & Multiplicative Indexes Data Review (30 mins) (Info & Awareness)
4. Individual Time for Modeling & Discussion (30 mins) (Discussion)
5. Break (5 mins)
6. Cost of Living Proposal Refinement (45 mins) (Discussion)
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11. Charter Institute Development (20 mins) (Discussion)

# Technical Etiquette

## Zoom Etiquette:

- Task Force Members, if possible, please have your screen name as **TF\_Your\_Name**. All other Participants please have your screen name as **Your\_Name\_Role**.
- Please do not utilize the chat function
- If you wish you to comment, please use the raise hand function within Zoom and wait to be called on by the facilitator
- Please do not interrupt someone as they are speaking
- Breakout Rooms & Straw Polls

# Guidelines for Interaction, Deliberation and Collaboration

- Appreciate that a variety of perspectives are represented throughout this Task Force
- Task Force Members should assume good intentions from other Task Force members
- All Task Force Members should strive to understand the intent of what has gone before and what didn't work
- When introducing or discussing new topics, please endeavour to provide a clear, concise breakdown of factors, what policies drive them and the funding that goes into each one
- Task Force Members are responsible to set aside sufficient time between meetings to accomplish all readings and work
- Please appreciate that Task Force Members are performing different roles than their day to day positions

# Project Plan

Sep

Tuesday, 12th

- Vision Setting
- Project Plan Buildout
- Adequacy Study Parameters Design

Friday, 29th

- Adequacy Study Parameters Vote
- Revisit At-Risk Task Force Decisions & No Decisions
- Unpack student need & additional costs associated
- Discuss & Review current and alternative ways to fund based on need (i.e. categorical funding)
- Develop 2 proposals to model

Oct

Tuesday, 17th

- Proposal Review/Refinement
- Review and discuss current history and purpose of Cost of Living
- Revisit At-Risk Task Force Decisions & No Decisions
- Develop 2 Proposals to model

Tuesday, 31st

- Proposal Review/Refinement
- Review and discuss current indexes utilized in formula understanding history, affect, and intended purpose
- Discuss and review alternative options to address concerns
- Develop 2 proposals to model
- Review basics and funding for Institutional Charter Schools and how they differ from other Charter Schools

Nov

Tuesday, 14th

- Proposal Review/Refinement
- Review current challenges & effects of mill levy overrides
- Develop 2 proposals to model
- Review and discuss current size factor
- Discuss alternative methods to adjust for size & geography
- Develop 2 proposals to model

Model Development & Buildout

Dec

Tuesday, 5th

- Review & discuss models and the interplay between proposals-
- Refine & align on proposals (identify additional modeling requirements)
- **Vote on Recommendations for**
  - **Prioritizing Student Need**
  - **Cost of Living Factor**
  - **Multiplicative Indexes**

Tuesday, 12th

- Review & discuss models
- **Vote on Recommendations for**
  - **ICSS**
  - **Size Factor**
  - **Undecided AT RISK proposals**

Jan

Friday, 12th

- Discuss and provide feedback (In person) for the Final Report

**Note:** Task Force Members will be able to provide feedback outside of the optional Jan meeting

# Workgroup Purpose & Scope

Required Task Force Action	Status
Recommendations due and parameters for 2024 study	Completed
Prioritizing student need in the formula	Continue to Revise draft recommendation
Recalibrating the cost of living factors	Model & revise draft recommendation
Eliminating the use of multiplicative indexes	Identify, develop, and align on 2 proposals to model
Revising the size factor	Not Started
Securing Equalization in Mill Levy Overrides for Institute Charter Schools	Identify, develop, and align on 2 proposals to model
Report Detailing Findings	Not Started

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# Adequacy Study Process Update

## What have we done:

1. On Sep 29th the Task Force developed and approved 2 sets of parameters for 2 separate Adequacy Studies
2. On Oct 27th CDE published the [RFI](#)



## Current actions & next steps

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# Student Need Discussion: Progress to Date

## What have we done?

- Reviewed the components of school funding formulas
- Task Force members provided perspectives on what the Cost of Living Factor does and what its intended impact is
- Task Force members provided input regarding potential proposals
- Facilitator modeled and constructed various analyses to help discuss and align on specific proposals

## ***Task Force Responsibility:***

The specific charge of the task force is to make recommendations to the school finance formula for the 2024-25 budget year, which includes the following:

*“RECALIBRATING THE COST OF LIVING FACTOR, CAPPING THE COST OF LIVING FACTOR, OR ALTERNATIVE METHODS TO ACCOUNT FOR THE COST OF LIVING, INCLUDING THROUGH CATEGORICAL FUNDING. A RECOMMENDATION CONCERNING A REVISED COST OF LIVING FACTOR MUST BE ABLE TO REGULARLY CHANGE AS A RESULT OF THE BIENNIAL COST OF LIVING STUDY.”*

# Cost of Living Survey

**Purpose of the Survey:** To collect feedback and input on student need proposals.

**Participation:** 12 out of 20 Task Force Members

**Takeaways (Survey Results):**

1. No consensus on how to adjust Cost of Living
2. Incorporate cost for schools and not just cost of consumers when calculating Cost of Living

# Process for Decision Making

## Process for Decision Making

1. Review the content through pre-reads, presentations, and discussion
2. Identify, develop, and align on 2 proposals to model
3. **Model & review data discussing impact, unintended effects, and potential outcomes**
4. Revise and finalize a draft recommendation
5. Utilizing aspects of Robert's Rules a member of the Task Force makes a motion to accept the proposed recommendation
6. Another Task Force member must 2nd it
7. The Task Force is given the opportunity to discuss
8. Once points of discussion have been raised the facilitator will move to take a vote on whether to accept or reject the proposed recommendation
9. If a majority vote to accept the proposal, it will be incorporated into the final report, if not, the proposal must be revised and finalized again (Step 4)

# Our goals for today

*We are not making any decisions, finalizing any recommendations, or voting on any changes today.*

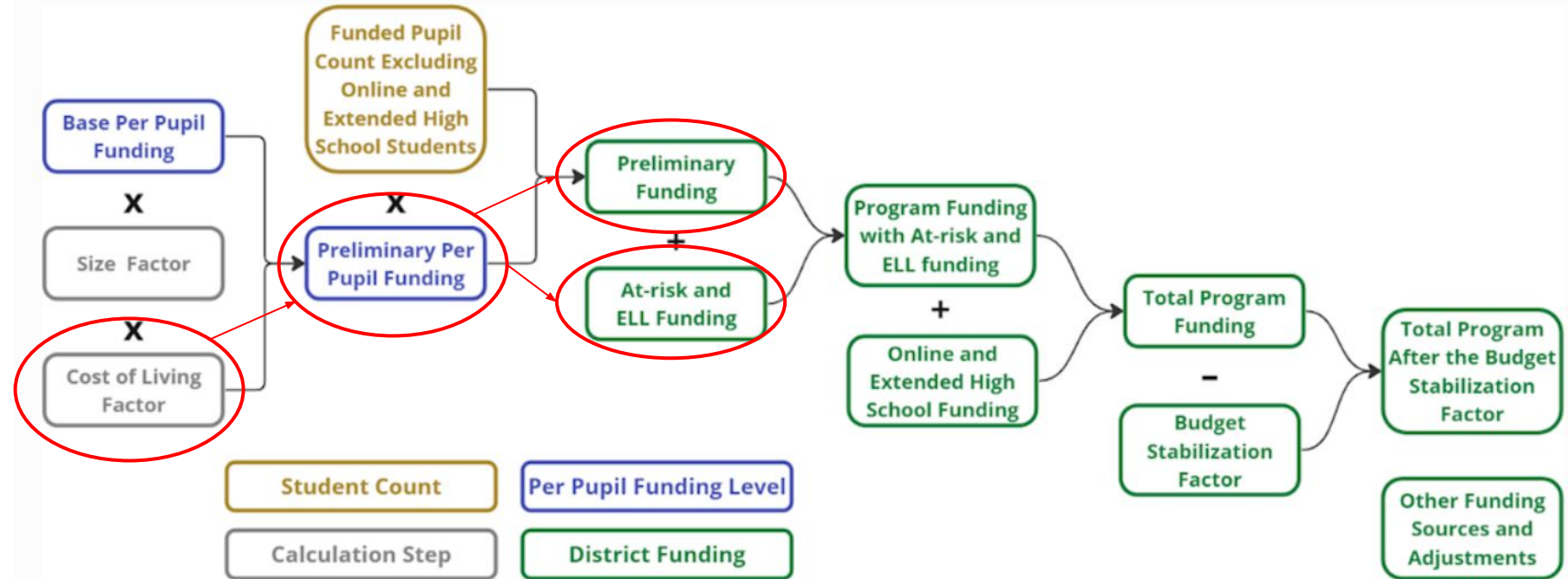
## Our goals for today:

- **Share** various models and analyses.
- **Provide space** for task force members to provide feedback, perspectives, and additional input.
- **Understand** what information task force members need in order to make decisions.
- **Solidify** the next set of steps to develop proposals for additional modeling and impact analysis.

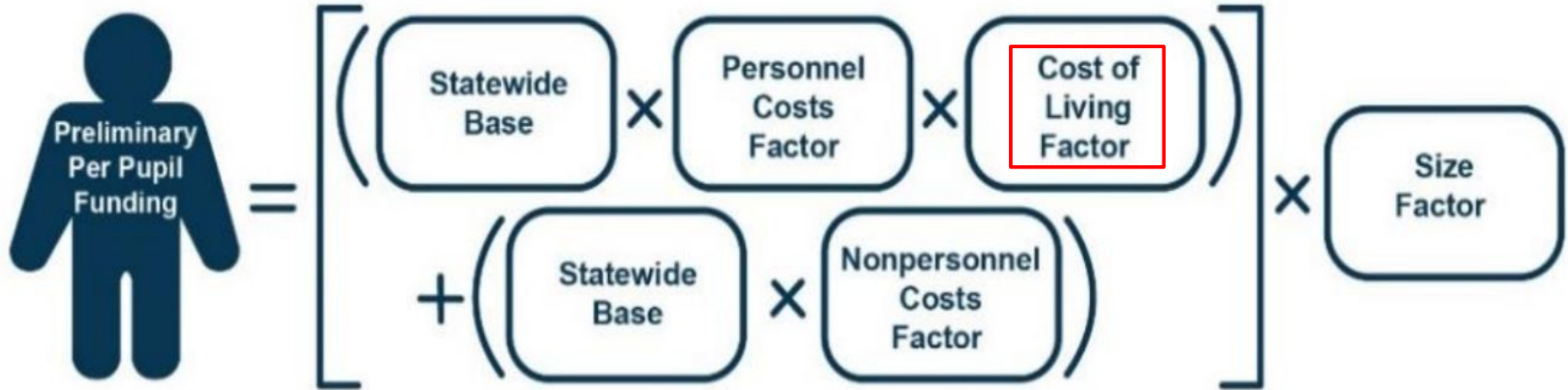
# COL Factor & Formula Effect

## CO School Finance Formula

Below is a diagram of the formula used to calculate funding for each Colorado school district. Click a part of the diagram to learn more.



# Preliminary Per Pupil Calculation



- The cost-of-living factor is **only applied** to the portion of the base that relates to **personnel**.
- **Larger districts spend a higher proportion** of their budgets on personnel costs than smaller districts, and thus **receive a larger increase** to their base from the cost-of-living factor.
- Size factor provides additional money to all school districts, but particularly **small school districts unable to take advantage of economies of scale**.

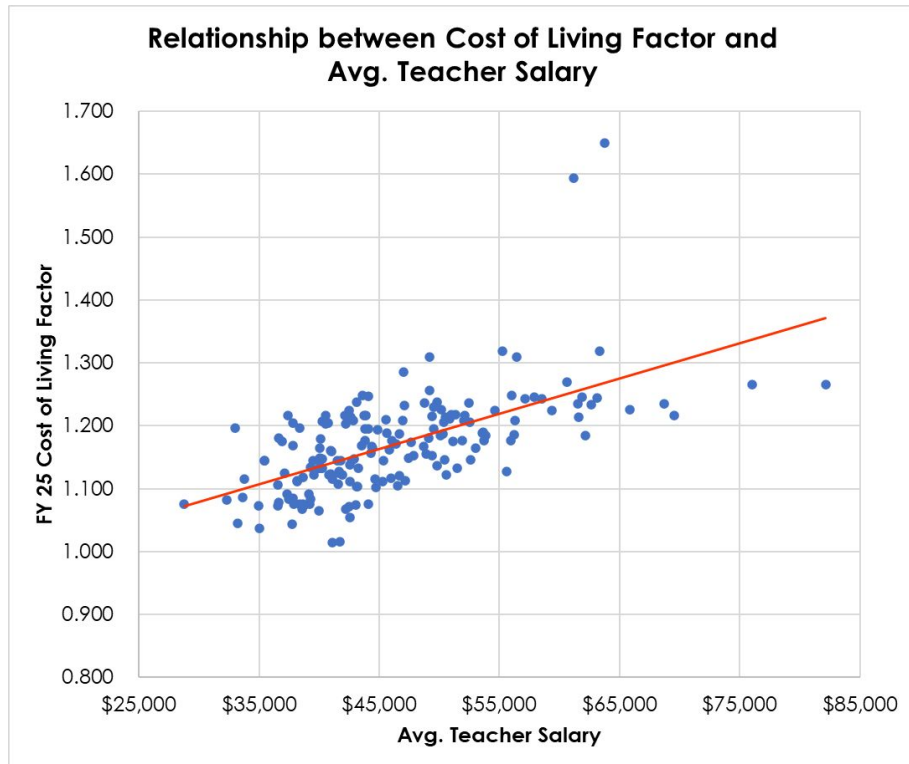


# COL Factor Trends

Districts with higher COL factors tend to have **more wealth per student, generate more revenue per student, and provide their teachers higher salaries**. However, these districts also tend to serve **less At-Risk students**.

District Category	District Count	Student Count	Avg. Teach Salary	Median Per Pupil Wealth	Override Revenue Per Pupil	At-Risk Percentage
<b>Low</b> (less than 1.121)	45	12,154	<u>39,691</u>	<u>170,912</u>	<u>487</u>	<u>57%</u>
<b>Medium</b> (between 1.121 and 1.167)	43	59,422	43,441	192,871	485	51%
<b>High</b> (between 1.167 and 1.214)	44	224,500	46,782	209,239	1,355	45%
<b>Very High</b> (greater than 1.214)	46	554,061	<u>54,311</u>	<u>307,790</u>	<u>2,040</u>	<u>39%</u>

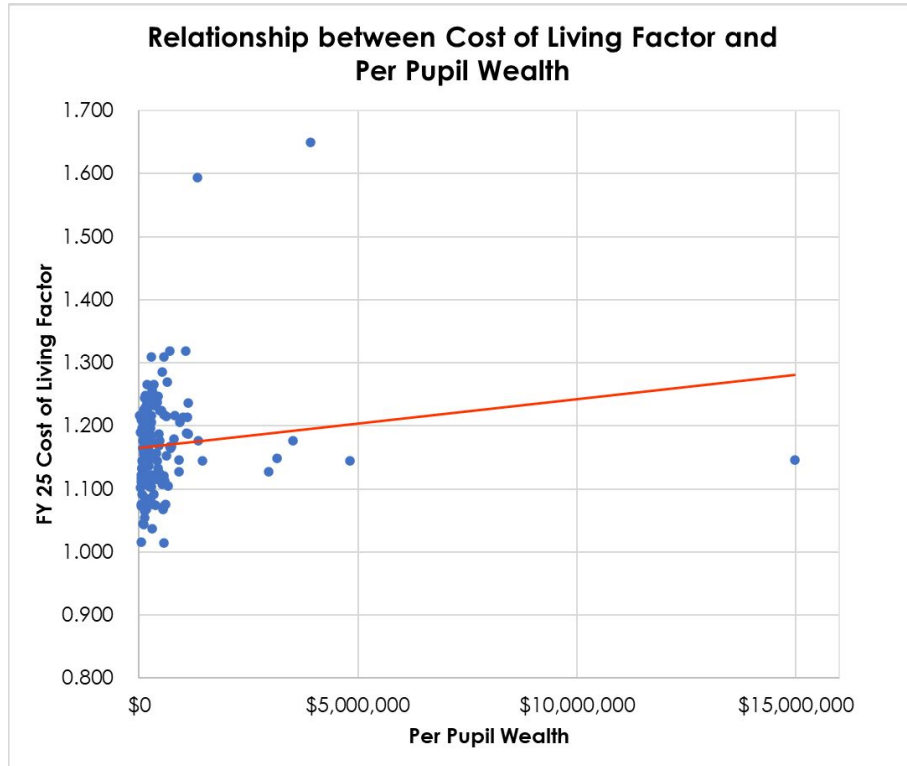
# COL Factor & Teacher Salaries



Districts with greater teacher salaries tend to have a greater COL Factor.

District Category	District Count	Average COL Factor
<b>Low</b> (less than \$40,106)	45	1.11
<b>Medium</b> (between \$40,106 and \$43,980)	44	1.15
<b>High</b> (between \$43,980 and \$50,510)	44	1.18
<b>Very High</b> (greater than \$50,510)	45	1.23

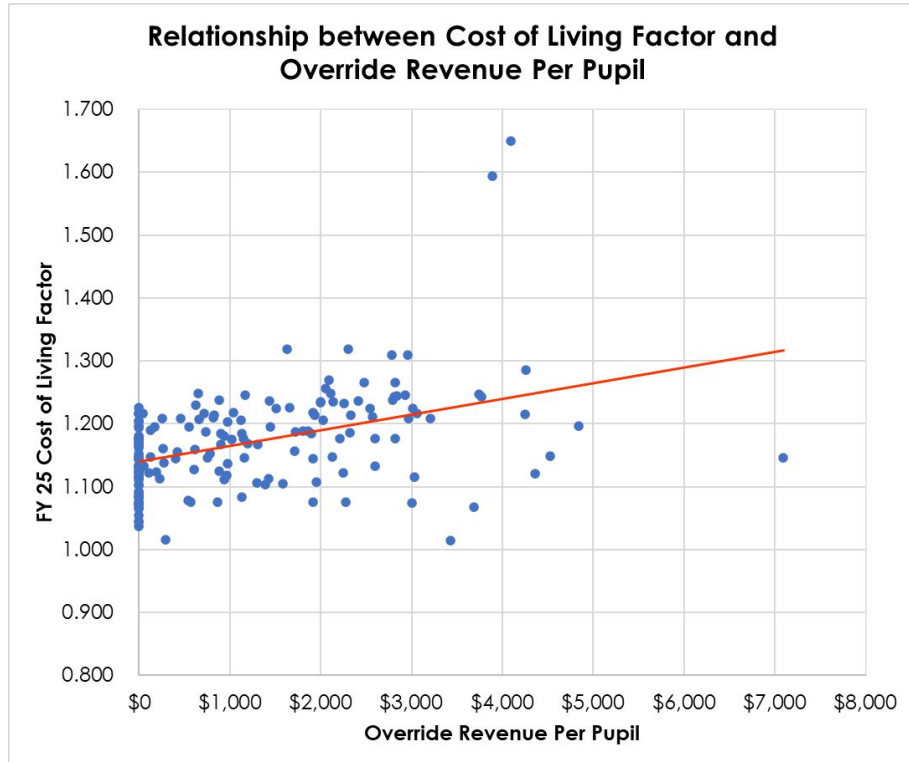
# COL Factor & Per Pupil Wealth



Districts with greater levels of wealth have a small positive correlation with COL Factor.

District Category	District Count	Average COL Factor
<b>Low</b> (less than \$127,250 PP)	45	1.14
<b>Medium</b> (between \$127,250 and \$204,926)	44	1.17
<b>High</b> (between \$204,926 and \$445,582)	44	1.17
<b>Very High</b> (greater than \$445,582)	45	1.19

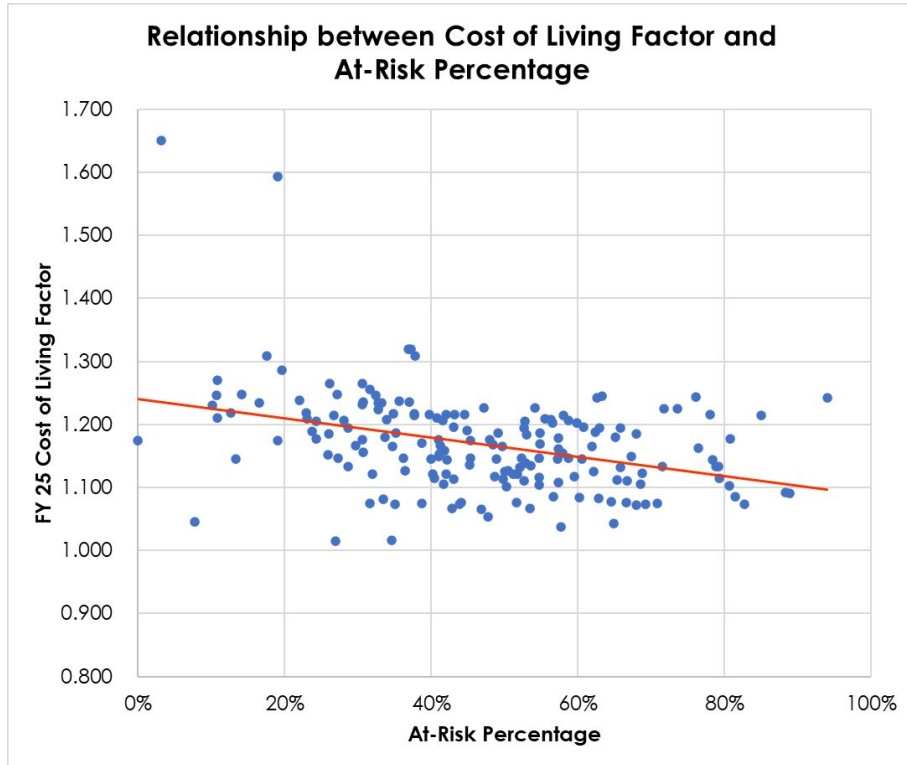
# COL Factor & Override Revenue Per Pupil



Districts generating more revenue through mill levy overrides per pupil tend to have a greater COL Factor.

District Category	District Count	Average COL Factor
<b>Low</b> (equal to \$0 PP)	63	1.13
<b>Medium</b> (between \$0 and \$766)	26	1.16
<b>High</b> (between \$766 and \$2,020)	44	1.17
<b>Very High</b> (greater than \$2,020)	45	1.22

# COL Factor & At-Risk



Districts with lower percentages of At-Risk students tend to have a greater COL Factor.

District Category	District Count	Average COL Factor
<b>Low</b> (less than 34% At-Risk)	45	1.22
<b>Medium</b> (between 34-46% At-Risk)	44	1.17
<b>High</b> (between 46-59% At-Risk)	44	1.15
<b>Very High</b> (greater than 59% At-Risk)	45	1.14

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# Understanding the Effects of COL

To assist Task Force Members, we have put together a [workbook](#) for everyone to understand the effects of a **changing COL factor**.

## Key Questions:

- What happens to the **per pupil funding** when COL is increased?
- What happens to the **different program funding** when COL is increased?
- How does this affect different district types differently?

*The figures presented in this workbook are estimates based on assumptions and available data, and are not official government estimates by CDE or LCS. These figures are subject to change with new data and policy changes.*

# Understanding the Effects of COL

## Discussion Topics

- Is the current COL factor have the **intended effect**? Or are **other factors** contributing to the change?
- What additional questions do you have regarding the effect of the COL factor on program funding?
- To view district level data regarding current COL factor, please visit the following [workbook](#) for more information.



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# 5 Minute Break



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# COL: Scenario Review

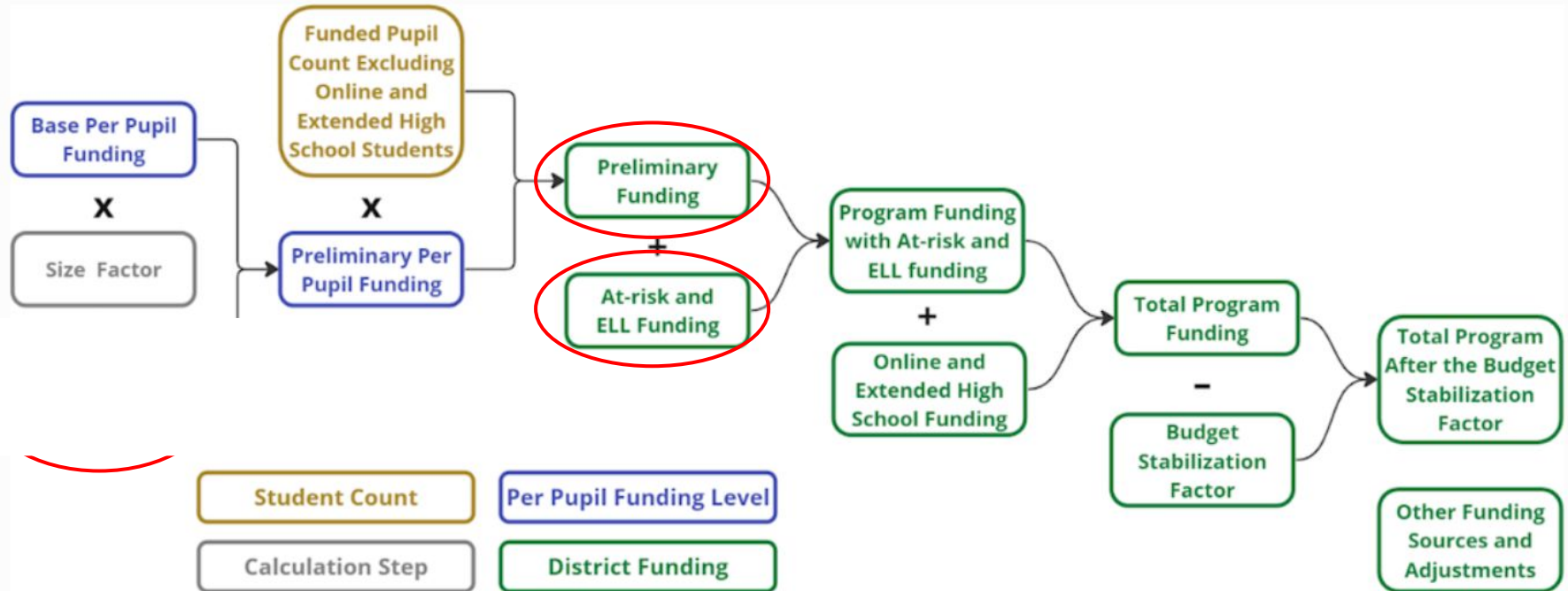
Following the survey, there was **no clear consensus** on how to adjust the COL factor. To assist Task Force members on deciding on a recommendation, the following scenarios are proposed for discussion and questions.

Scenario 1	Scenario 2	Scenario 3	Scenario 4
<b>Eliminate</b> the cost of living factor from the funding formula.	Move the cost of living factor to a <b>different place</b> in the "order of operations".	Move the cost of living factor to a <b>categorical funding</b> .	<b>Transform</b> the current set of cost of living index values.
<b>Provide Data</b>	<b>Provide Data</b>	<b>Informational</b>	<b>Informational</b>

# Scenario 1: Eliminate COL

## CO School Finance Formula

Below is a diagram of the formula used to calculate funding for each Colorado school district. Click a part of the diagram to learn more.



# Scenario 1: Eliminate COL

- Removing the COL has many implications due to the **preliminary per pupil**
  - **Negative** Impact on Total Formula Funding
  - **Negative** Impact on At-Risk Funding
  - **Negative** Impact on ELL Funding
  - Only the **Size Factor** would be applied to the base

# Scenario 1: Eliminate COL

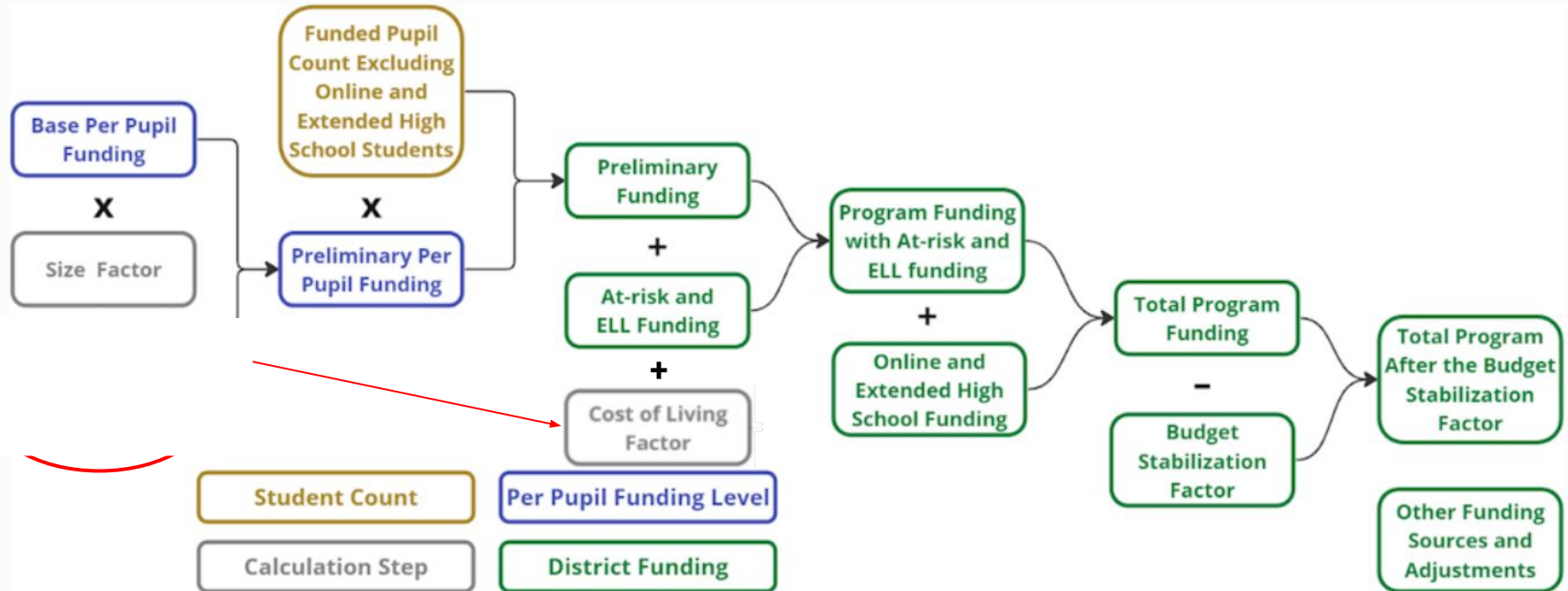
Removing the COL factor has a **major impact on total program funding**, a reduction of **\$1.5 billion or 19 percent**. Eliminating the COL factor also impacts At-Risk and ELL funding.

Impact to Program	Current FY 2025 Total	Scenario 1 FY 2025 Total	Change (#)	Change (%)
<b>Total Program Funding</b>	<b>9,616,482,097</b>	<b>8,071,912,703</b>	<b>(1,544,569,394)</b>	<b>-19%</b>
At-Risk Funding	505,248,582	423,873,190	(81,375,392)	-19%
ELL Funding	52,164,867	43,177,642	(8,987,225)	-21%

# Scenario 2: Move COL Factor in Formula

## CO School Finance Formula

Below is a diagram of the formula used to calculate funding for each Colorado school district. Click a part of the diagram to learn more.





# Scenario 2: Move COL Factor in Formula

To assist Task Force Members, we have put together a [workbook](#) for everyone to understand the effects of **eliminating the COL factor**, and **moving the COL factor** within the formula.

## Key Questions:

- What is the weight should be applied to the COL factor?
- Should the COL factor be applied to all students?
- Should the COL formula include the personnel cost factor?

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# Scenario 2: Move COL Factor in Formula

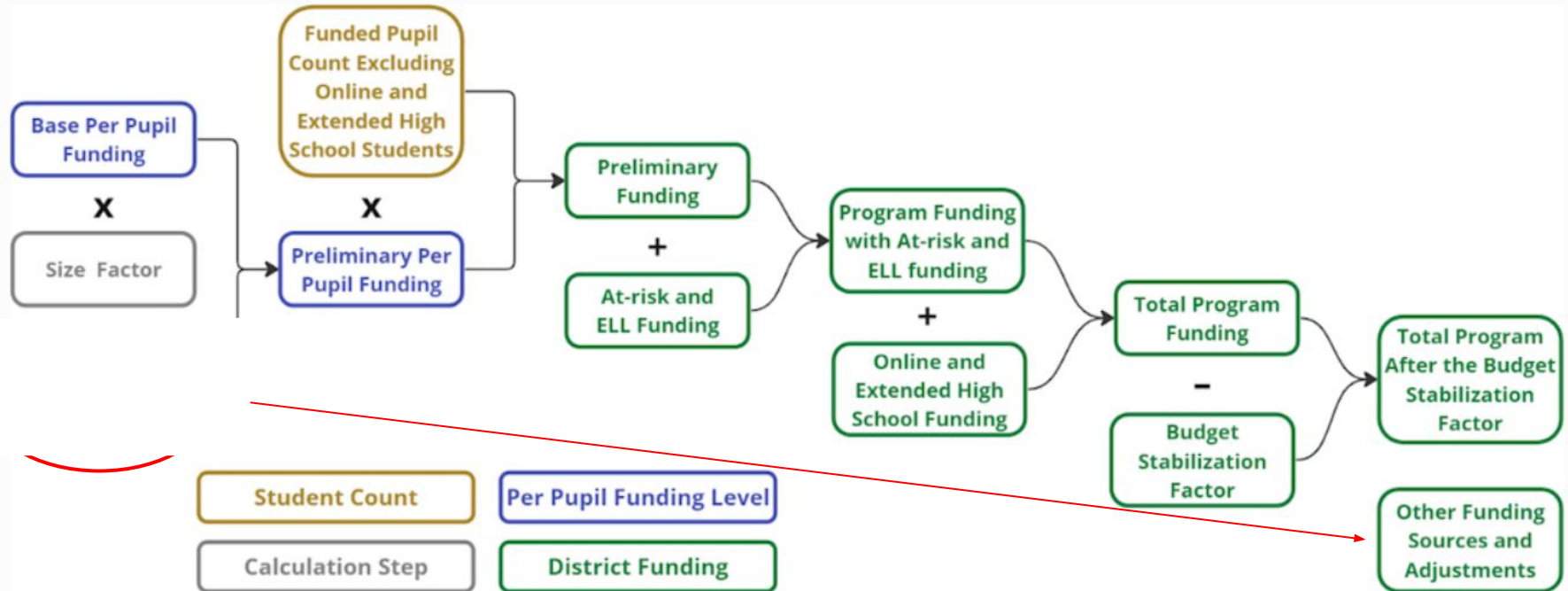
## Discussion Topics

- Does eliminating and/or moving the COL factor have the **intended effect**?
- What additional changes or revisions would you make to the existing proposals based upon the impact shared today?
- Other than specific district-by-district impacts, what additional information do you need on the impact of formula changes moving forward?

# Scenario 3: Move COL to Categorical

## CO School Finance Formula

Below is a diagram of the formula used to calculate funding for each Colorado school district. Click a part of the diagram to learn more.



# Scenario 3: Move COL to Categorical

- In addition to the Total Program funding, Colorado school districts may receive state funding to pay for specific programs designed to serve **particular groups of students or particular student needs** – often referred to as "**categorical**" programs.
- The General Assembly is **required to increase** the sum of funding for all of these programs by the rate of inflation.
- Categorical Programs are primarily paid from the **General Fund and State Education Fund**, however federal and local funds can also be use to pay for these services.

# Scenario 3: Move COL to Categorical

## Examples of Categorical Funding:

### Vocational Education (\$28.2M)

- Vocational education aid is disbursed to districts according to the full-time equivalent (FTE) cost of a program.
- Funding is available to a school district if its vocational education program costs exceed 70% of the per-pupil funding.
- The state will cover up to 80% of the first \$1,250 of these "excess" costs, and 50% of any excess costs over \$1,250.

### Public School Transportation (\$62.8M)

- School districts are reimbursed for some of the cost of transporting pupils between their home and school.
- The reimbursement formula is two-pronged; it takes into account mileage and costs.
- The formula provides 37.87 cents for each mile traveled, plus 33.87 percent of the difference between district transportation expenditures and the mileage allowance.

### English Language Proficiency (\$25.3M)

- ELPA funding is disbursed to districts for up to five years for each ELL student.
- The state appropriates funding, where a portion is distributed to districts with NEP & LEP students. The remainder is distributed to districts with FEP students.
- Money is allocated to districts on a per pupil basis.

# Scenario 3: Move COL to Categorical

## Discussion Topics

- Would allocating COL as a categorical have the **intended effect**?
- How would you allocate funding to ensure it is having the intended effect?
- What could be some **unintended consequences** if COL was allocated as a categorical?
- What additional information do you need on the impact of allocating COL through categorical?

# Scenario 4: Transform COL Factor

- Every two years a Cost of Living study is conducted that measures the cost in each district of an identical set of items, such as housing, goods and services, and transportation.
- Following the study, the Legislative Council Staff adjust the COL figures for the relevant labor pool, using teacher information from CDE on district of employment and district of residence.
- The adjusted COL factor is then compared to the salary of a benchmark household to determine the **final COL factor**.
- A district's COL factor may **never decrease**. Factors have been building on each other since 1994, and have not ever been rebased.

# Scenario 4: Transform COL Factor

The “basket of goods” used in the COL study is determined in the following manner:

- Starting with the **spending categories** from the Consumer Expenditure Survey,
- Evaluating the market basket items from the **previous study**, and
- **Revising basket** to ensure items are representative, widely available, and represent a minimum proportion of spending.

Expenditure Category	Example	% of Income
Food	Milk, Banana, Pizza	13.35%
Housing	Mortgage Payment, Rent, Utilities	30.37%
Transportation	Car Payment, Gas	20.52%
Healthcare	Health Insurance Premium	8.15%
Entertainment	AA Batteries	4.07%
Personal care products and services	Haircuts	1.08%
Personal taxes (not including stimulus)	Income Tax	4.90%
Other	Personal insurance and pensions, Apparel and services	17.56%



# Scenario 4: Transform COL Factor

## Ways to account for regional cost adjustments:

- **Cost of living index**
  - Differences among communities in the cost of a basket of consumer goods and services capture differences in the cost of living
- **Hedonic wage index (also known as teacher cost index)**
  - Uses data on teacher compensation and statistical technique to estimate how much more or less it costs each school district to recruit and employ equivalent school personnel
- **Comparable wage index**
  - Measures regional variations in the price that school districts must pay to attract high quality teachers by observing regional variations in the salaries of comparable professionals who are not teachers

For more information visit: [Options for Updating Wyoming's Regional Cost Adjustment](#) (pg. 5-6)

# Scenario 4: Transform COL Factor

## Discussion Topics

- Do you think that the current method for determining the COL factor is accomplishing its **intended purpose**? Why or why not?
- Is there a better way to account for regional cost adjustments in Colorado?
- What additional information do you need on transforming the COL factor?

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# 5 Minute Break



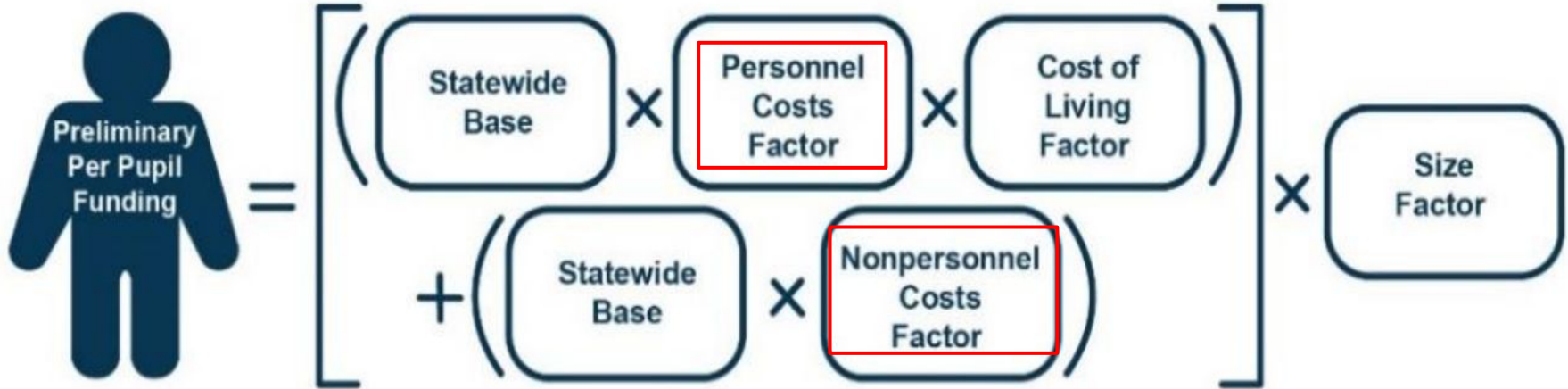
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# Different Multiplicative Indexes

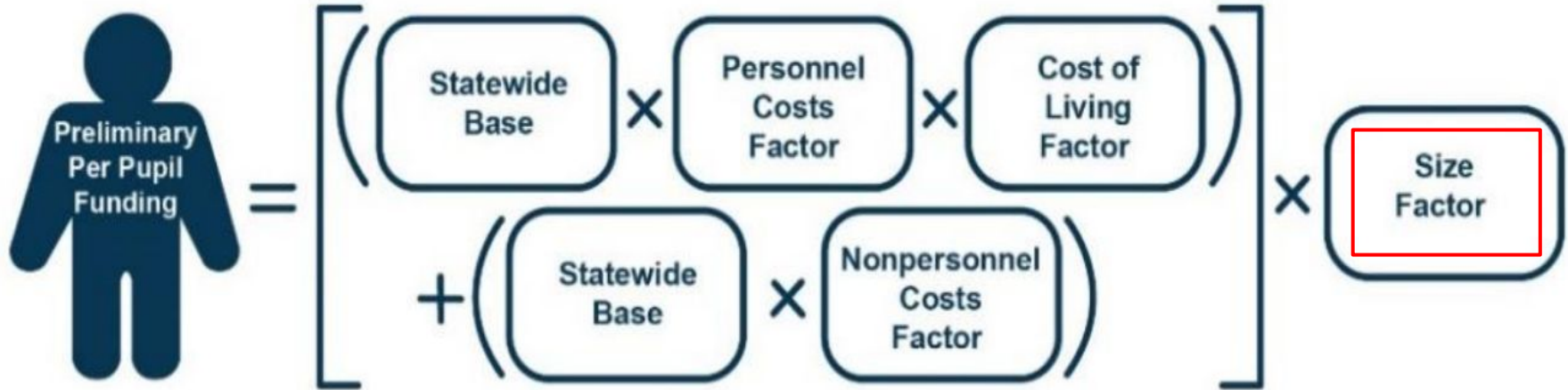
- Currently in the CO School Finance Formula, there are 3 main instances where multiplicative indexes occur:
  - Cost of Living Factor,
  - Personnel and Non-personnel Costs Factors, and
  - Size Factor.
- In this section, we will quickly review how the Personnel and Non-personnel Costs Factors are **determined**, how the Size Factor is **determined**, and the Size Factor **trends**.

# Personnel & Nonpersonnel Factors



- Personnel costs factor ranges from **79.9 percent to 90.5 percent** and differs by district according to enrollment.
- **Smaller districts have smaller factors** and, therefore, a smaller portion of the base is increased for cost of living.
- Non-personnel costs factor is the difference between 100 percent and the district's personnel costs factor.

# Size Factor



- Size factor ranges from **1.03 to 2.40** and differs by district according to enrollment.
- The smallest districts – districts with enrollments of fewer than 5,000 students – **receive the largest size factors and, therefore, more funding per pupil.**
- In FY 2022-23, approximately **\$365.7 million** is allocated through the size factor, or about **4.2 percent of total funding.**

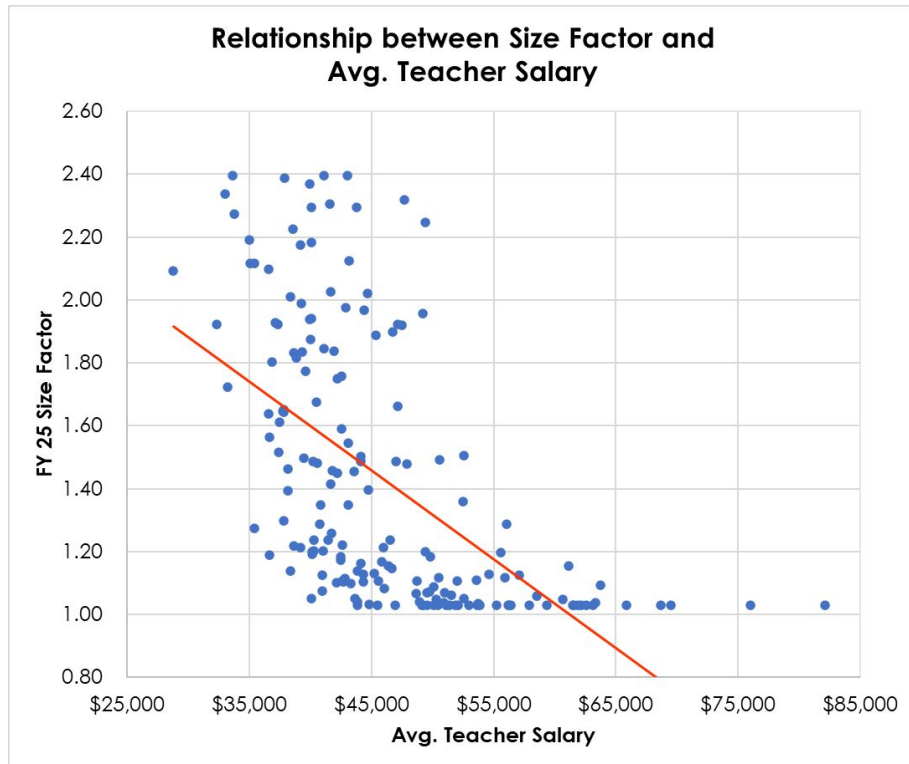


# Size Factor Trends

Districts with higher Size factors tend to have **more wealth**, but generate **less revenue per pupil**. Additionally, these districts tend to have **lower teacher salaries**, while serving a **greater proportion of At-Risk students** than the other district types.

District Category	District Count	Student Count	Avg. Teach Salary	Median Per Pupil Wealth	Override Revenue Per Pupil	At-Risk Percentage
Low (less than 1.060)	45	<u>777,732</u>	<u>55,331</u>	<u>178,656</u>	<u>1,784</u>	<u>41%</u>
Medium (between 1.060 and 1.213)	44	51,025	46,848	224,683	1,253	47%
High (between 1.213 and 1.769)	44	15,185	42,111	169,564	782	46%
Very High (greater than 1.769)	45	<u>6,195</u>	<u>40,149</u>	<u>343,048</u>	965	<u>49%</u>

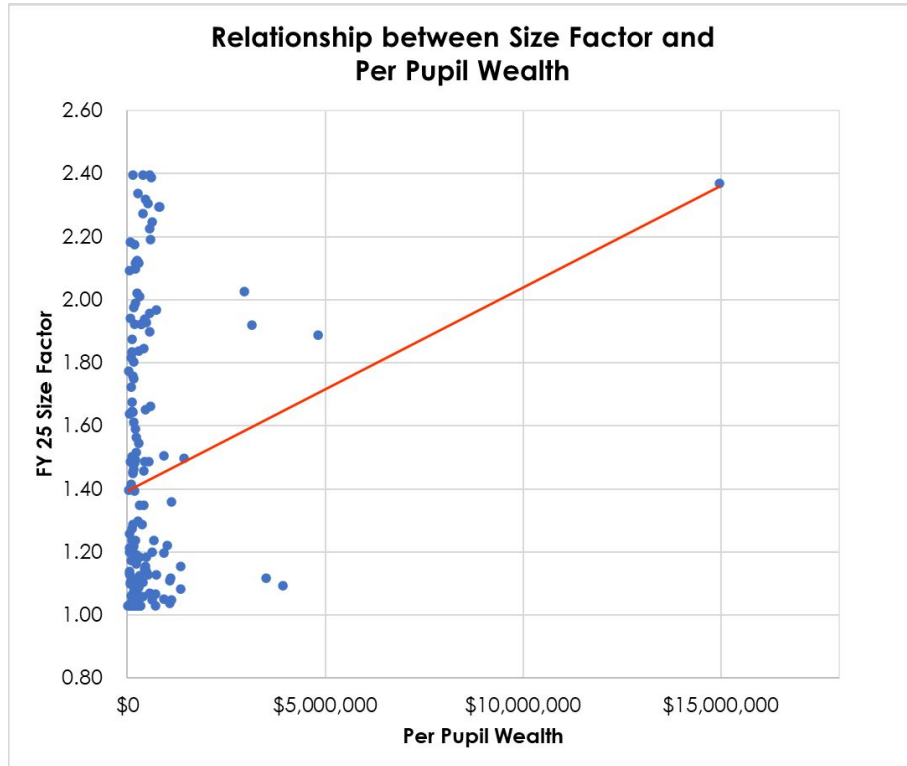
# Size Factor & Teacher Salaries



Districts with the lower teacher salaries tend to have a larger Size Factor.

District Category	District Count	Average Size Factor
<b>Low</b> (less than \$40,106)	45	1.81
<b>Medium</b> (between \$40,106 and \$43,980)	44	1.46
<b>High</b> (between \$43,980 and \$50,510)	44	1.34
<b>Very High</b> (greater than \$50,510)	45	1.09

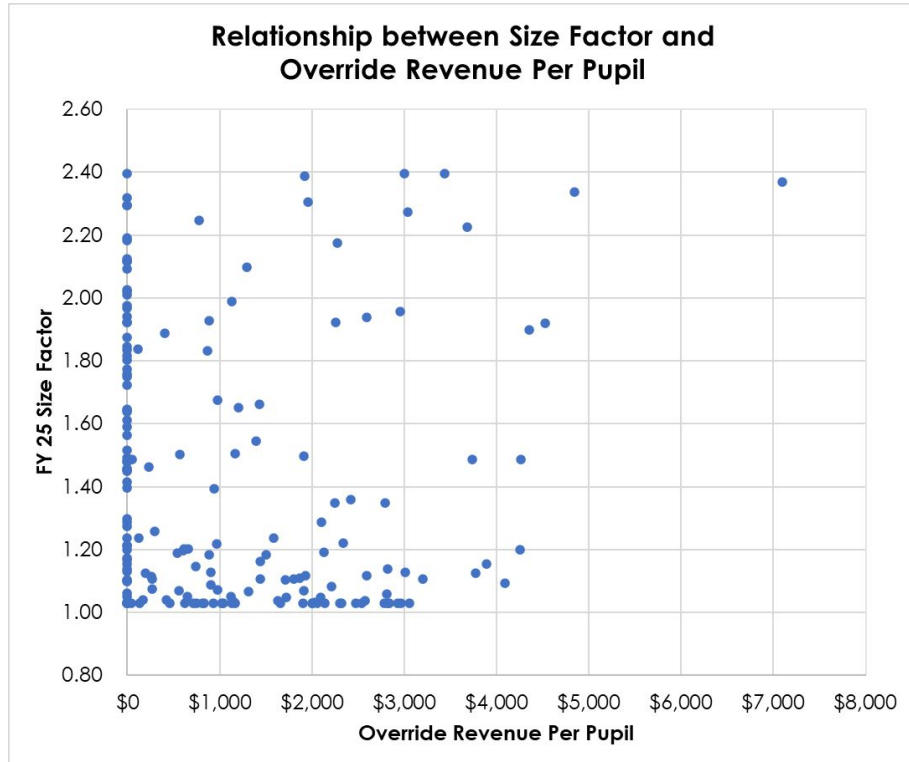
# Size Factor & Per Pupil Wealth



Districts with greater levels of wealth tend to have a greater Size Factor – however this could be attributed to significant outliers.

District Category	District Count	Average Size Factor
<b>Low</b> (less than \$127,250 PP)	45	1.33
<b>Medium</b> (between \$127,250 and \$204,926)	44	1.38
<b>High</b> (between \$204,926 and \$445,582)	44	1.42
<b>Very High</b> (greater than \$445,582)	45	1.56

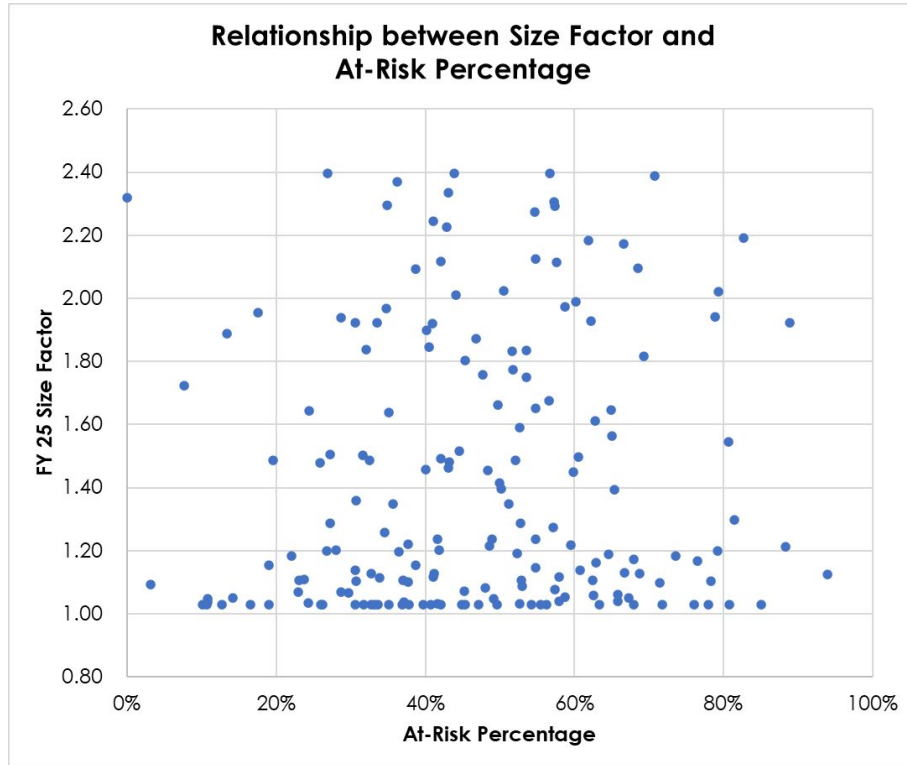
# Size Factor & Override Revenue Per Pupil



No distinct trend appears between the Size Factor and the level of override revenue per pupil.

District Category	District Count	Average Size Factor
<b>Low</b> (equal to \$0 PP)	63	1.60
<b>Medium</b> (between \$0 and \$766)	26	1.21
<b>High</b> (between \$766 and \$2,020)	44	1.32
<b>Very High</b> (greater than \$2,020)	45	1.40

# Size Factor & At-Risk



Districts with the lowest percentages of At-Risk students tend to have a smallest size factor – however, no trend appears for other district types.

District Category	District Count	Average Size Factor
<b>Low</b> (less than 34% At-Risk)	45	1.33
<b>Medium</b> (between 34-46% At-Risk)	44	1.48
<b>High</b> (between 46-59% At-Risk)	44	1.49
<b>Very High</b> (greater than 59% At-Risk)	45	1.41

# COL Factor, Size Factor & Sparsity

- When evaluating against different sparsity types, such as urban, rural, or small rural, the following trends appear:
  1. Urban and rural districts tend to have **greater COL Factors**.
  2. Small rural districts tend to have **greater Size Factors**.

District Category	District Count	Average COL Factor	Average Size Factor
Urban	31	1.21	1.04
Rural	37	1.21	1.07
Small Rural	110	1.14	1.65

# Process for Decision Making

## Process for Decision Making

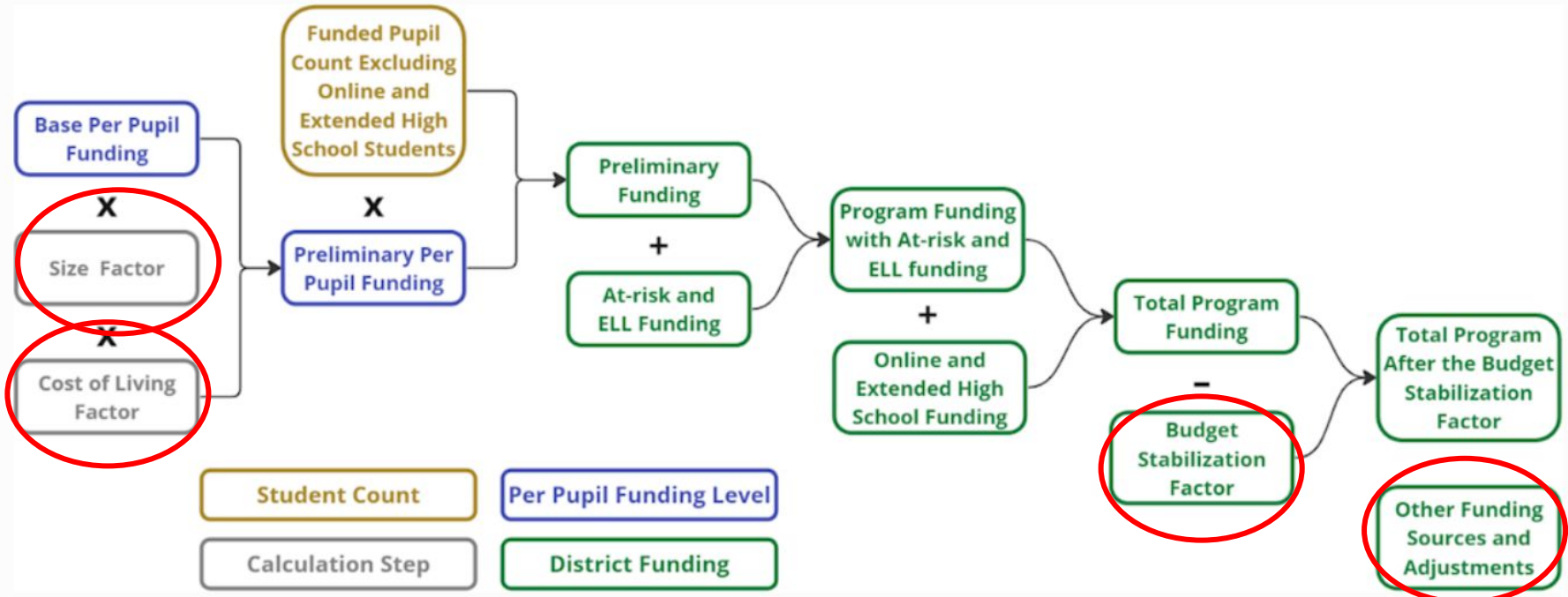
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# Common Questions

“(A) ELIMINATING THE USE OF MULTIPLICATIVE INDEXES FOR COST OF LIVING, PERSONNEL AND NON-PERSONNEL COSTS, AND DISTRICT SIZE;”

## CO School Finance Formula

Below is a diagram of the formula used to calculate funding for each Colorado school district. Click a part of the diagram to learn more.





# Discussion

## Discussion Topics

- Do you think that the current use of multiplicative indexes is accomplishing its **intended purpose**? Why or why not?
- Is there a better or more simple way to allocate funding effectively?
- What additional information do you need on transforming multiplicative indexes?

# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
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9. **Break (5 mins)**
10. Charter Institute Review (20 mins) (Discussion)
11. Charter Institute Development (20 mins) (Discussion)

# 5 Minute Break



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**COLORADO**  
Department of Education

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# Charter Schools

Presented by the Schools of Choice Unit at CDE

School Finance Taskforce

October 31, 2023

# Charter School Background

# Public schools today



## **District-managed**

- Traditional/Neighborhood
- Innovation
- Magnet
- Online
- Alternative Education Campus (AEC)

## **Charter-managed**

- Traditional
- Online
- Alternative Education Campus

## **BOCES-managed**

- Traditional
- Online
- Alternative Education Campus

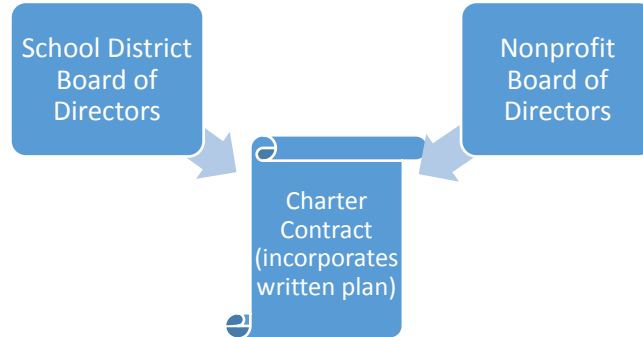
## **Others** (facility schools, CSDB, contract schools, etc.)

- Facility schools
- CSDB
- Contract

# What is a charter school?



- A public school operated by an independent non-profit
- Governed by the Charter Schools Act (C.R.S. 22-30.5-101, et seq.)
- Terms of operation established in a contract or “charter”





# What is a charter authorizer?

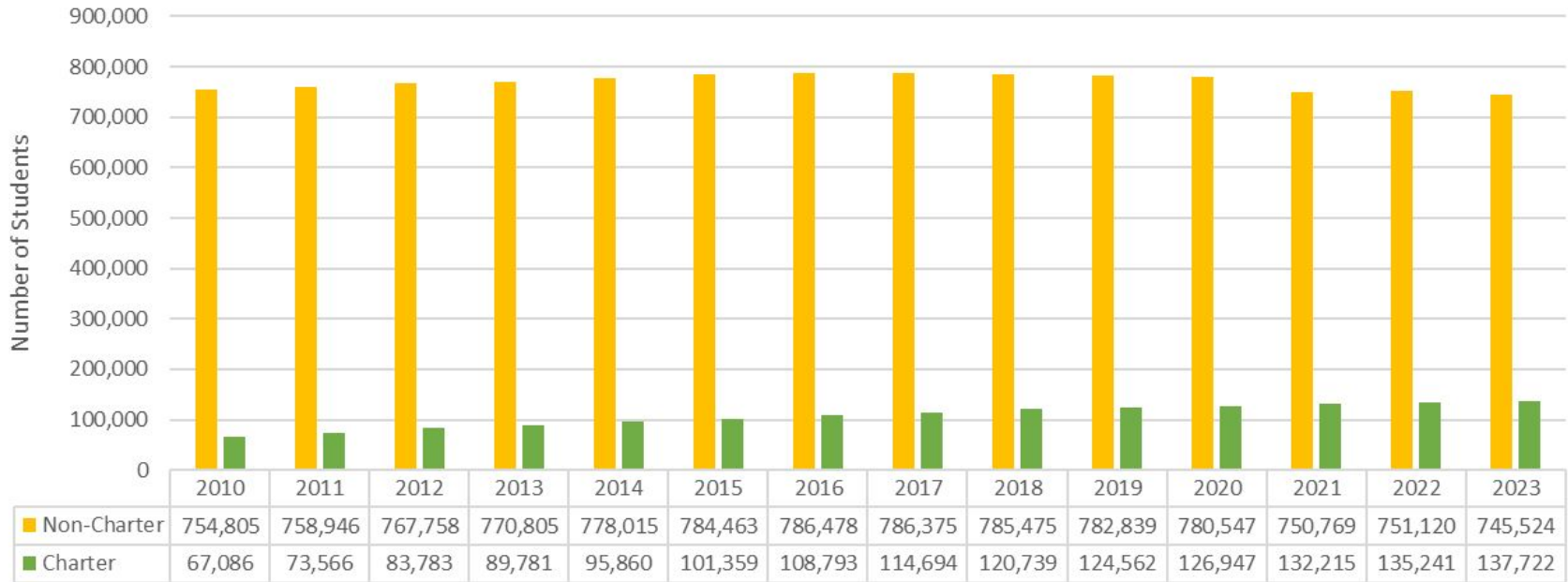


- Entities that hold charter schools accountable for meeting local, state, and federal requirements
- In Colorado, the authorizer is either:
  - The local school district (in most cases)
  - The Colorado Charter School Institute (in some cases)
- Guiding principle - "autonomy for accountability"

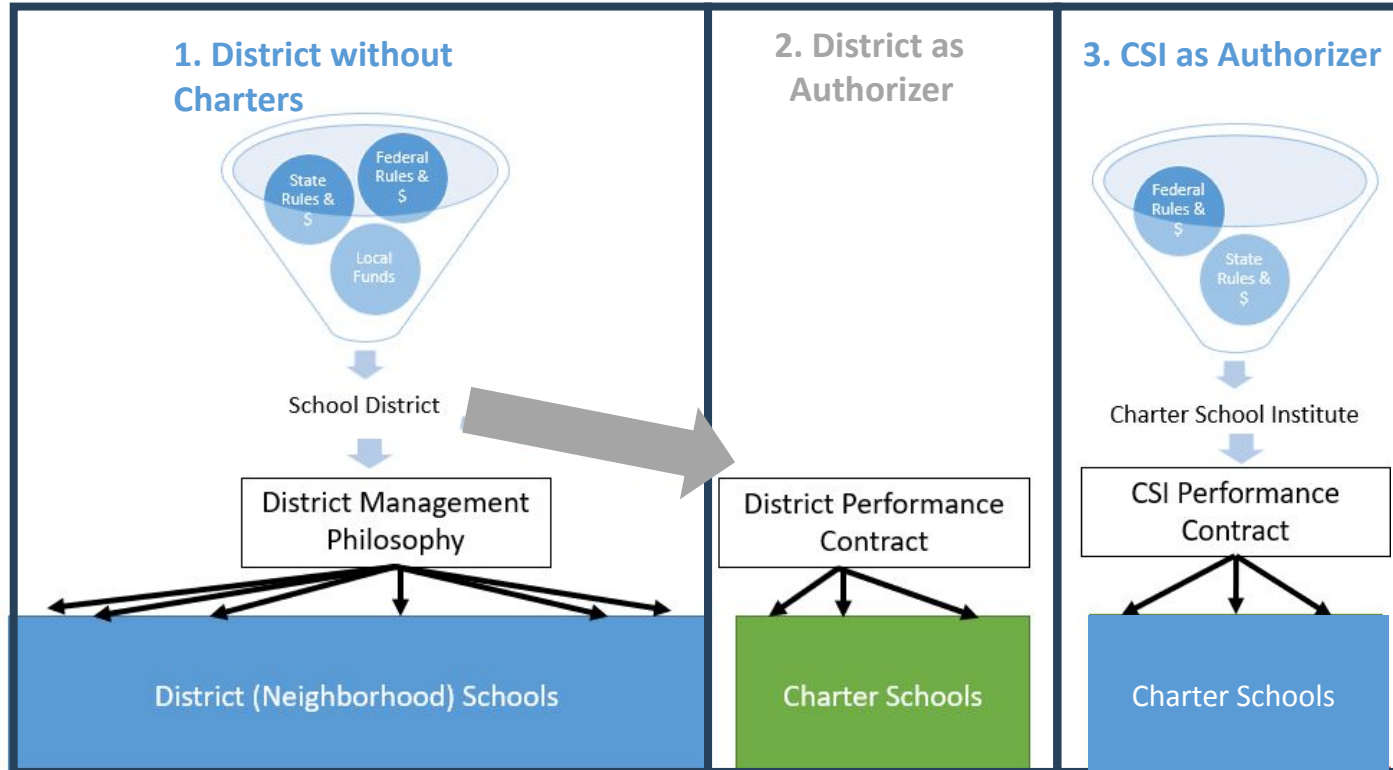
# PK-12 Pupil Membership



## PK-12 Pupil Membership by School Type



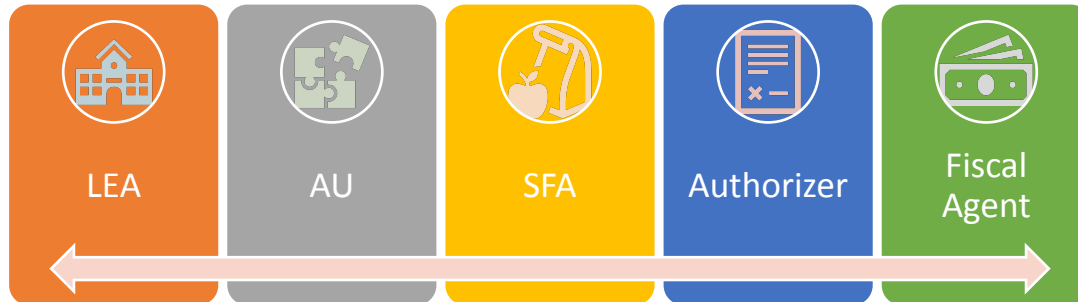
# How Does the Charter-Authorizer Model Work?



# What is the Charter School Institute (CSI)?

68

- Statewide charter authorizer established in 2004 by the Legislature
- Quasi-governmental state entity overseen by a statutorily-defined Board of Directors (requiring political diversity and appointments by the Governor and Commissioner)
- Created with the intent to provide an alternate means of authorizing charter schools in districts not desiring or able to do so themselves
- Like many districts in Colorado, CSI has several oversight responsibilities

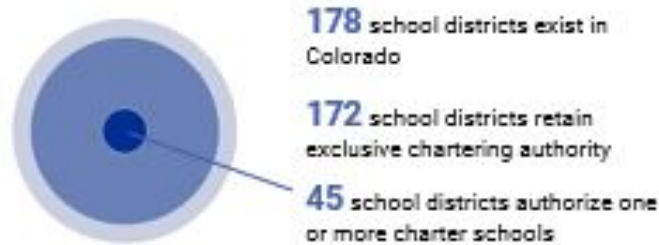


# When Can CSI Authorize?



## CSI authorizes charter schools in districts:

1. that do not retain exclusive chartering authority (ECA), or
2. that retain ECA but release an applicant to apply directly to CSI

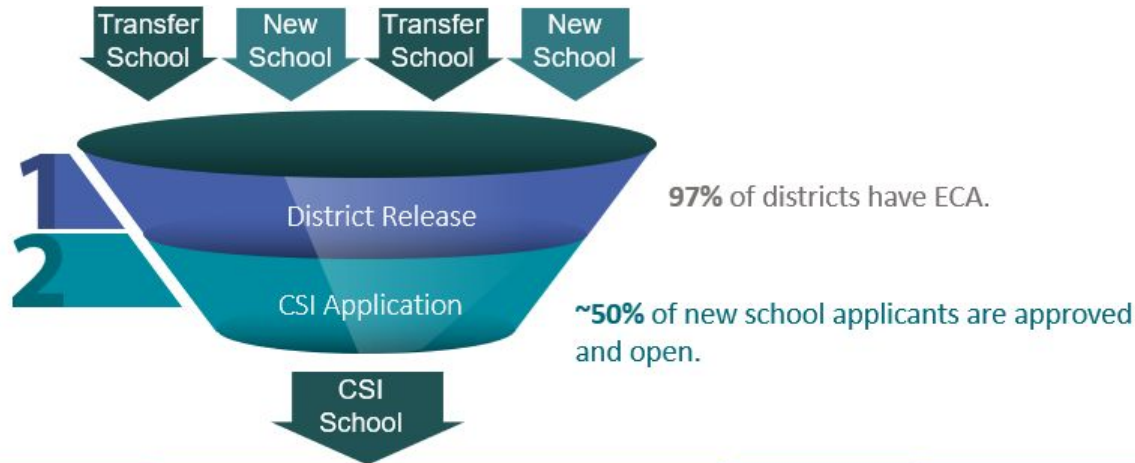


# How do applicants get to CSI?



Applicants can come to CSI in limited circumstances:

- **Most** require district permission due to exclusive chartering authority
- **All** must undergo CSI's application process



# Mill Levy Override Funding

# What is a Mill Levy Override (MLO)?



- A mechanism that allows school districts to generate additional funding beyond what is provided by the state's funding formula
- MLOs are optional and must be approved by district voters. There is a limit on the amount that can be raised by an MLO
- Examples:
  - District A receives \$10,000 in PPR and raises an additional \$1,400/pupil in MLO
  - District B receives \$12,000 in PPR and raises an additional \$2,900/pupil in MLO
  - District C receives \$9,700 in PPR and raises \$0 in MLO

*\*So how do charters fit within an MLO structure? In 2017, the legislature provided direction.*





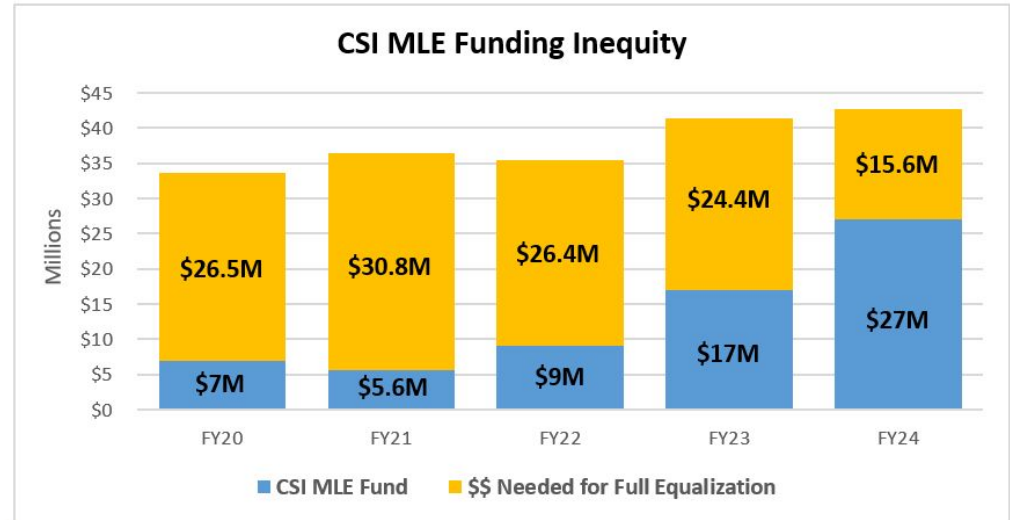


- Legislature determines that districts should allocate MLO resources equitably to all students, regardless of the type of public school the student is enrolled in
- The law requires school districts to distribute at least 95% of funding received from local property taxes generated by Mill Levy Overrides (MLO) on an equal per pupil basis to all of its public schools, including district charter schools and innovation schools
- CDE maintains an annual mill levy override report [here](#)
- All districts also publish a mill levy sharing plan on their websites



Recognizing that CSI schools have no access to local tax revenue, HB17-1375 created the Mill Levy Equalization Fund

- Full equalization would apply the same MLO rate to CSI schools
- It is up to the legislature to put money in the Fund each year





## **Example:**

District A receives \$10,000 in PPR and an additional \$1,400/pupil in MLO

- District-authorized charter schools in District A receive \$9,500 in PPR and \$1,330 in MLO/pupil
- CSI-authorized charter schools in District A receive \$9,500 in PPR + \$\_\_\_\_\_ In State Mill Equalization/pupil
  - SY19-20 - \$408.66 (as compared to full funding of \$1,330)
  - SY20-21 - \$295.79 (as compared to full funding of \$1,330)
  - SY21-22 - \$455.37 (as compared to full funding of \$1,330)
  - SY22-23 - \$846.00 (as compared to full funding of \$1,330)

*\*Note: Currently, CSI schools are located in districts with MLO amounts ranging from \$0 to \$3,318 per pupil*





- Per § 22-30.5-513.1(2)(a.5), C.R.S., starting in the 24-25 budget year, and each budget year thereafter, the general assembly shall appropriate the amount necessary to fund mill levy equalization for CSI schools
- Factors impacting the actual amount each year:
  - Number of students in each CSI school
  - Annual calculation of MLO per pupil amounts in applicable accounting districts for each CSI school

# Questions?

Bill Kottenstette

[Kottenstette\\_b@cde.state.co.us](mailto:Kottenstette_b@cde.state.co.us)

303-416-0372 (call or text)



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# Process for Decision Making

## Process for Decision Making

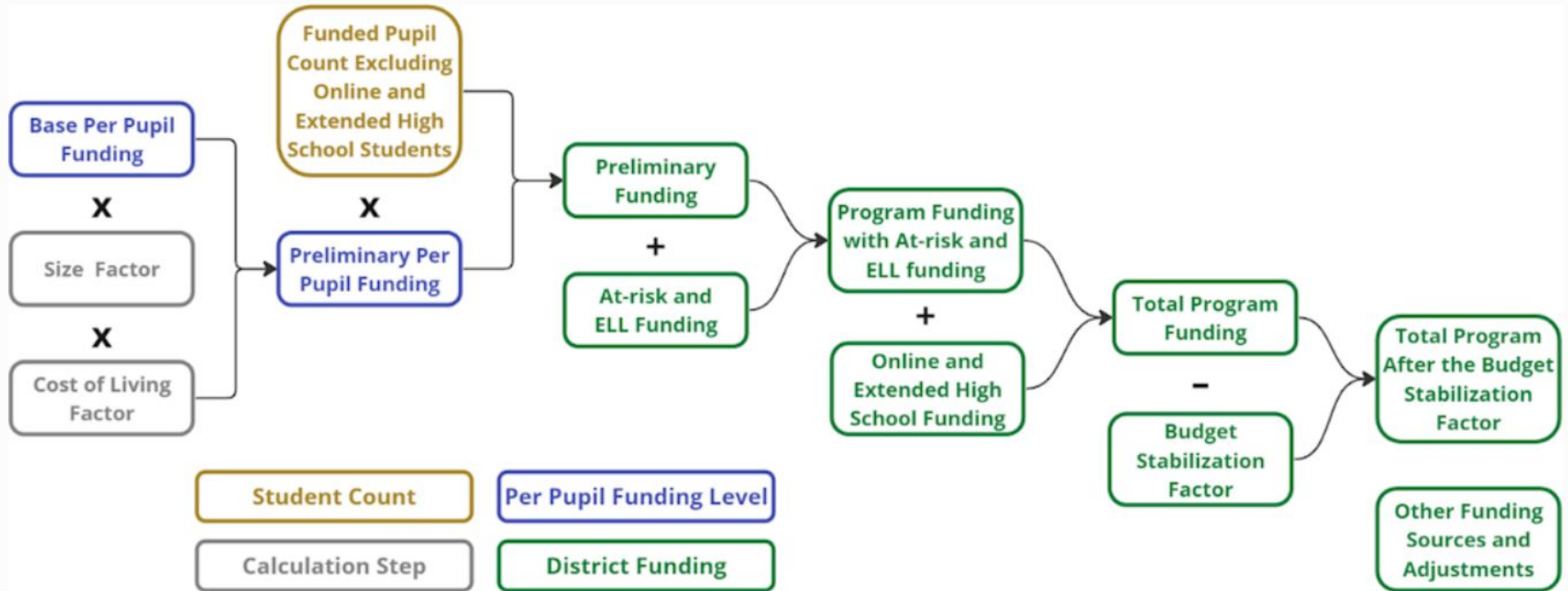
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# Common Questions

## CO School Finance Formula

Below is a diagram of the formula used to calculate funding for each Colorado school district.

“(D) SECURING EQUALIZATION IN MILL LEVY OVERRIDES FOR INSTITUTE CHARTER SCHOOLS BASED UPON THE SCHOOL DISTRICT WHERE THE INSTITUTE CHARTER SCHOOL IS GEOGRAPHICALLY LOCATED, INCLUDING CONSIDERATIONS FOR STUDENTS WHO DO NOT RESIDE IN THE SCHOOL DISTRICT WHERE THE INSTITUTE CHARTER SCHOOL IS GEOGRAPHICALLY LOCATED, MULTI-DISTRICT ONLINE PROGRAMS, AND TOTAL PROGRAM FUNDING”





# Discussion

## Discussion Topics

- Should the the mill levy equalization for CSI schools be fully funded? Why or why not?
- Is there a better or more simple way to address mill levy equalization for CSI schools?
- What additional information do you need on mill levy equalization?

# Next Steps

- Complete Size Factor Pre Read
- Compile Modeling for Multiplicative Indexes and mill levy equalization

# Closing

Recap of today's discussions



Our next meeting is Nov **14**, 2023, **9 am- 1 pm**