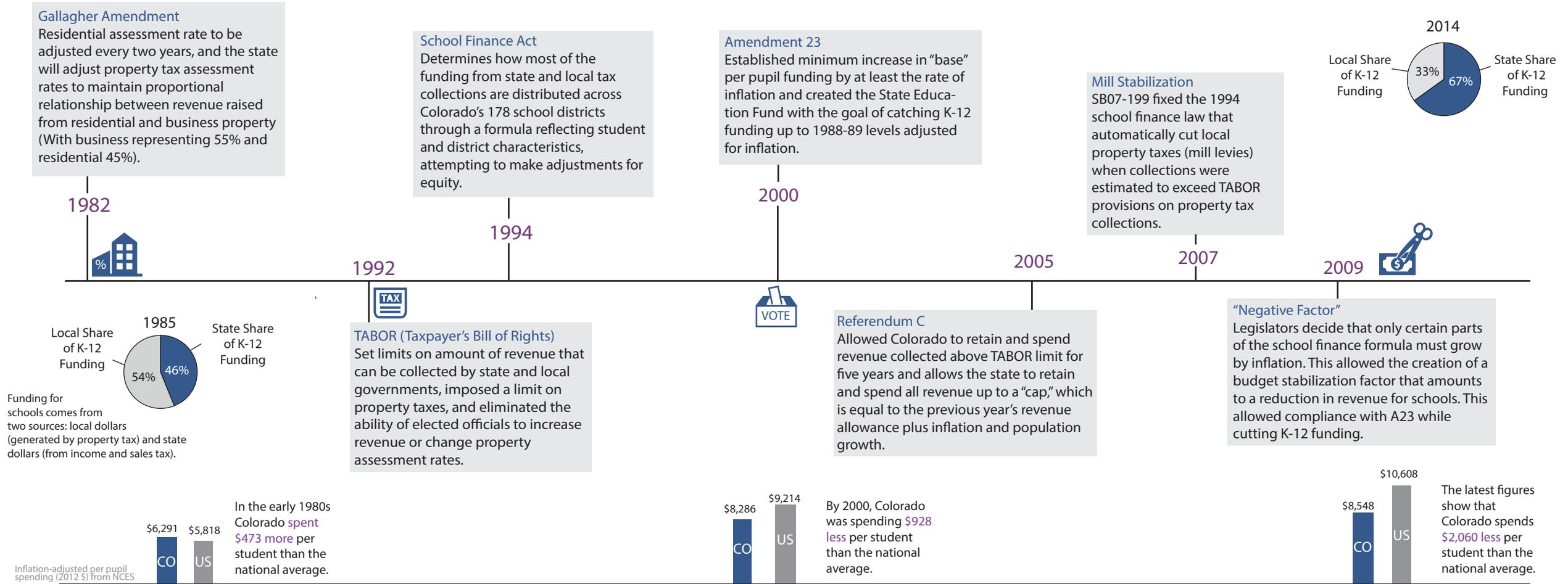


# Shrinking Funding for Colorado's Schools

## A Timeline of School Finance Legislation and Consequences



In 1982, near the end of a period of strong economic growth, voters passed the Gallagher Amendment to shield homeowners from large property tax increases as home values rose rapidly. Over time, residential property tax collections fell, meaning fewer local dollars available for school districts. This shifted more of the responsibility to finance education to the state...

... Statewide growth in residential property values outpaced commercial property and that pushed down residential assessment rates to comply with the Gallagher requirement of a consistent relationship between revenue generated by home and business property. To counter falling assessment rates, local leaders could float mill levies so a school district's total dollars remained constant. At that time, the state still had the flexibility to increase taxes...

... But with the passage of TABOR, the ability to fund schools was restricted because (1) TABOR prevented mill levies from floating (2) state law automatically cut mill rates in districts whose prior year's spending exceeded the limit, which led to falling local dollars and (3) TABOR's revenue restrictions limited the state's ability to prop up school funding with state dollars...

... Falling local dollars put greater pressure on the state to provide extra school funding, which meant less budget flexibility and less funding for other public programs that are funded by state tax dollars including: higher education, prisons, courts, health and human services until...

... voter-approved Referendum C temporarily eased budget pressures by letting the state keep money above the TABOR limit. This allowed the state to retain several billion dollars in revenue that would have otherwise been returned to taxpayers. Also, a state law change meant that local districts that passed a "de-brucing" measure no longer had to reduce mill rates. This helped stabilize the local share...

... Then the Great Recession hit, and Colorado's tax collections fell by 13 percent, making it nearly impossible to fund all the public programs necessary to comply with A23. So the state determined that A23 didn't apply to all parts of the school funding formula, which helped introduce the "Negative Factor"...

... Funding for K-12 education in Colorado in 2014 was more than \$891 million below where it would have been without the Negative Factor, which has reduced each school district's yearly funding by about 15 percent.

The local share of K-12 has fallen significantly since the 1980s, and the state now spends more than \$2,000 less per student than the national average.