



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

# Memorandum

January 31, 2024

**TO:** Joint Budget Committee  
House and Senate Education Committees  
Office of State Planning and Budgeting

**FROM:** Marc Carey, Chief School Finance Officer, 303-866-4102

**SUBJECT:** State Education Fund Report

### Summary

Pursuant to Section 22-55-104, C.R.S., Legislative Council Staff, in consultation with the State Auditor, the State Treasurer, the Department of Education (CDE), the Office of State Planning and Budgeting, and the Joint Budget Committee (JBC), is required to conduct a review of the model used to forecast revenue to and expenditures from the State Education Fund and the spending requirements for the Public School Finance Act of 1994 by February 1 of each year. This report provides a forecast of the State Education Fund revenue and expenditures within the budgetary framework for school finance for FY 2023-24.

The forecast for the State Education Fund and the level of General Fund appropriations needed to pay for school finance have changed since the General Assembly adjourned in May 2023. Pupil enrollment, both in terms of the overall count and the number of at-risk pupils, increased from expectations. Property values recorded for the 2023 tax year outperformed the expectations of the December 2022 Legislative Council Staff forecast, even with the passage of Senate Bill 23B-001 in the 2023 special session. In addition, expectations for income taxes have risen, increasing projected deposits into the State Education Fund and the General Fund for FY 2024-25.

This report assumes that the 2024 supplemental school finance bill, as approved by the Joint Budget Committee, will be adopted, that the value of the budget stabilization factor is \$141.2 million in FY 2023-24, and that the initial appropriation from the General Fund for FY 2023-24 will remain at its current level, while the appropriation from the State Education Fund will decrease by \$24.0 million due to enrollment and property value changes. In addition, as a baseline, the General Fund contribution is assumed to remain at its current level of \$4,238.7 million through FY 2027-28.

The model used to project the State Education Fund balance was updated to reflect actual data for the current budget year, the December 2023 Legislative Council Staff revenue and economic forecast, and the recent release of the 2023 inflation rate by the federal Bureau of Labor Statistics. Increases in school finance and categorical funding are based on the actual inflation



rate of 5.2 percent applicable for FY 2024-25. The income tax diversion to the State Education Fund is projected to grow at an average annual rate of 1.6 percent from FY 2022-23 through FY 2024-25.

## **Amendment 23 and the State Education Fund**

Article IX, Section 17, of the Colorado Constitution, enacted by the voters at the November 2000 election as Amendment 23, created the State Education Fund (SEF). It diverts an amount equal to one third of one percent of taxable income to the fund. It also requires the General Assembly to increase the statewide base per pupil funding amount under the School Finance Act and total state funding for categorical programs by at least the rate of inflation in the current budget year and subsequent years. Money in the SEF may be used to meet these minimum education funding requirements. In addition, the General Assembly may appropriate money from the SEF for a variety of other education-related purposes as specified in the state constitution.

## **Requirements for a Study**

Following voter approval of Amendment 23, the Legislative Audit Committee contracted with Pacey Economics to develop a model (SEF model) to predict the impact of policy decisions and economic conditions on the balance of the SEF and on General Fund appropriations for public elementary and secondary education. As Pacey Economics noted, the balance of the State Education Fund is integrally tied to the level of General Fund appropriations. The greater the level of increase in General Fund appropriations, the greater the SEF balance and the greater the amount of money available for public education programs. Appropriations for public education affect the amount of money available for other state programs because they compete for the same pool of money.

The SEF model provides a method to project school finance and categorical program spending under the requirements of Amendment 23. Legislative Council Staff also predicts the amount of income tax revenue diverted to the fund. Given the projections for revenue and spending, the SEF model is used to estimate the impact of different General Fund appropriations on the SEF balance, based on different scenarios for changing overall school finance funding.

**Annual report.** State law anticipates an annual updating of the SEF model to accommodate actual data and changes in policy or economic conditions. Section 22-55-104 (3), C.R.S., requires a yearly report on the SEF that addresses the following:

- the reasonableness of the assumptions used to forecast SEF revenue and expenditures and revisions to the assumptions;
- revenue projections for the SEF;



- projections of the total amount of state money necessary to increase the statewide base per pupil funding amount and total categorical program funding by the rate of inflation in FY 2024-25;
- projections of the amount of money available from sources of revenue other than the General Fund and the SEF to meet the funding requirements of Amendment 23;
- the stability of the SEF;
- an estimate of the maximum amount of money that can be appropriated from the SEF and the minimum amount of money that can be appropriated from the General Fund for FY 2023-24 to meet the Amendment 23 funding requirements without adversely impacting the solvency of the SEF or the ability of the General Assembly to provide the Amendment 23 minimum funding increases in the future; and
- estimates of various General Fund appropriation levels above the minimum level and their impact on the amount of money available in the SEF to provide funding in FY 2024-25 for additional programs that are consistent with the provisions of Amendment 23.

This year's report assumes passage of the 2024 supplemental budget bill for school finance, as approved by the Joint Budget Committee. This bill makes mid-year adjustments for education funding in FY 2023-24, holding the value of the budget stabilization factor constant at \$141.2 million, and eliminating it in FY 2024-25. The JBC, the Governor's Office, and the General Assembly will analyze in greater detail the FY 2024-25 appropriations from the General Fund and the SEF — and the laws that drive these appropriations — in the coming weeks. Thus, much will change during the 2024 legislative session that will affect the analysis presented in this report.

## Updated Revenue and Expenditure Forecasts

The General Assembly is able to allocate funding for public schools between the General Fund, the SEF, and other cash funds as it chooses. In the 2024 legislative session, the General Assembly will confront policy questions regarding the overall amount of state funding to allocate for school finance and other education-related programs in FY 2024-25 and how much money to retain in the SEF to pay for future increases in school finance. Under current law, the projected balance in the SEF is forecast to exceed \$1.5 billion at the end of FY 2023-24.

**Updates to the SEF model.** The basic framework of the SEF model is retained for this report; there are no major changes in the structure of the model since this report was last published in 2023. Inputs to the model have been updated to incorporate legislation enacted by the General Assembly, actual school funding data for FY 2023-24, revisions to forecasts of economic indicators, and the most recent Legislative Council Staff forecast of pupil counts and assessed values. Like prior school finance bills, Senate Bill 23-287 included a budget stabilization factor



that reduced the overall amount of funding for school finance by about \$141.2 million. This report assumes that the General Assembly will approve the 2024 supplemental funding bill, which holds the value of the budget stabilization factor constant at that level. Because current law specifies elimination of the budget stabilization factor in FY 2024-25, a comparison of subsequent budget years assumes that the budget stabilization factor will remain eliminated indefinitely.

**Projections for property taxes.** Property and specific ownership taxes provide the local contribution for school district funding under the School Finance Act. When these local revenue sources produce more revenue, requirements for state aid decrease for a given level of education funding. In FY 2023-24, the local share totaled nearly \$4.2 billion. In FY 2024-25, the total local share for school finance is projected to increase by \$409.8 million compared with FY 2023-24, and total \$4.6 billion. The 9.8 percent increase is due to expected new construction in the 2024 non-reassessment year as well as the expiration of temporary property tax policy changes enacted by the General Assembly, which reduced the local share for FY 2023-24 relative to what would have been collected otherwise.

**Assessment rates.** The Gallagher Amendment in the Colorado Constitution was repealed by Amendment B in the 2020 general election. As a result, the residential assessment rate is no longer required to adjust in order to maintain a constant relationship between the statewide share of residential taxable value and the statewide share of nonresidential taxable value. During the 2020 legislative session, the General Assembly passed Senate Bill 20-223, which fixed the residential assessment rate at 7.15 percent and the nonresidential assessment rate at 29 percent indefinitely. In the years since, the General Assembly has adjusted assessment rates for residential and nonresidential property several times. In the years since then, the General Assembly has passed several pieces of legislation, creating new subclasses of property and tweaking assessment rates.

For example, during the 2022 legislative session, the General Assembly passed Senate Bill 22-238, which temporarily reduced residential and nonresidential assessment rates in property tax years 2023 and 2024 in order to reduce property tax revenue by \$700 million over these two years. During the November 2023 special session, the General Assembly passed Senate Bill 23B-001, which, for the 2023 property tax year only, reduced the residential assessment rate for single and multifamily properties to 6.7 percent and expanded the specified reduction in the actual value of these properties to \$55,000.

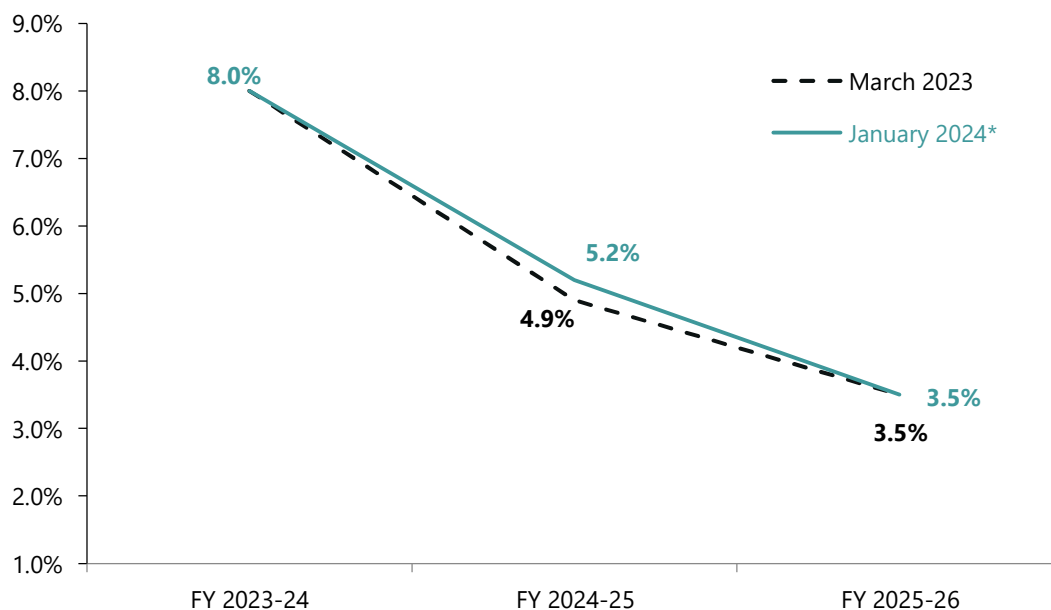
**Assessed value and property tax growth.** Property taxes account for over 94 percent of the local contribution to the school finance act. Yearly changes in property tax revenue depend upon changes in both the tax base, or assessed value, and changes in the tax rate, or mill levy, of school districts. After increasing 5.5 percent in 2022, assessed values jumped 24.6 percent in 2023. This resulted in about \$403 million more in property taxes for school finance in FY 2023-24 than the prior year.



**Cost of school finance.** Higher inflation increases overall funding requirements for school finance and categorical programs. Expenditures for school finance are a function of pupil counts and inflation. The statewide base per pupil funding level must increase by inflation each year, as specified by Amendment 23. The base level is subsequently adjusted for cost-of-living and size factors unique to each school district, and multiplied by pupil count to determine each school district's preliminary funding level. Additional funding is also provided for at-risk students, extended high school and online pupils, and English language learners, prior to the application of the budget stabilization factor. The budget stabilization factor is a percentage cut in most school district's total program funding that is determined annually by the General Assembly, and reduces the amount of state aid received by that district.

As described in more detail later in this report, a higher inflation forecast increases the overall cost of school finance and total state funding for categorical programs. For FY 2024-25, the inflation rate increased from the 4.9 percent forecast in March 2023 to the recently released actual rate of 5.2 percent. This increased total program funding before the budget stabilization factor by nearly \$27 million. Figure 1 illustrates the change in projected inflation rates.

**Figure 1**  
**Comparison of Inflation Rate Projections from Legislative Council Staff Forecasts**



Source: U.S. Bureau of Labor Statistics and Legislative Council Staff Forecasts.

\*Reflects actual 2023 inflation and 2024 projections from the LCS December 2023 forecast.



**Revenue projections for the State Education Fund.** One-third of one percent of taxable income of state income tax returns is deposited in the SEF. This amount translates to about 8.1 percent of state income tax revenue. Money is diverted to the fund monthly, based on quarterly estimates of taxable income. Errors in the amount deposited in the fund in any fiscal year are corrected in the following fiscal year by adjusting the amount of the transfer. Any money remaining in the fund at the end of a fiscal year stays in the fund.

The projections of revenue to the fund in this report are based on the December 2023 Legislative Council Staff revenue forecast. The income tax revenue deposited in the fund is expected to increase at an average annual growth rate of 1.6 percent between FY 2022-23 and FY 2024-25, as illustrated in Table 1. The table also compares the current projections of income tax revenue to the SEF with those from the March 2023 forecast. Actual income tax diversions to the fund for FY 2022-23 were \$47.0 million higher than projected last March. Expected income tax diversions over the next two years have also increased by \$60.5 million, compared with projections from March 2023. For FY 2024-25, income tax revenue to the SEF is expected to total \$1,110.1 million.

**Table 1**  
**Projections of Income Tax Revenue to State Education Fund**  
*Dollars in Millions*

Fiscal Year	December 2023 Forecast		March 2023 Forecast		Change in Projected SEF Revenue
	Income Tax	Year-to-Year % Change	Income Tax	Year-to-Year % Change	
FY 2022-23	\$1,066.4	7.3%	\$1,019.4	2.6%	+\$47.0
FY 2023-24	\$1,062.2	-0.4%	\$1,036.7	1.7%	+\$25.5
FY 2024-25	\$1,110.1	4.5%	\$1,075.1	3.7%	+\$35.0
<b>Total</b>	<b>\$3,238.7</b>		<b>\$3,131.2</b>		<b>+\$107.5</b>

In addition to the income tax diversion, the SEF also earns interest. Amendment 23 requires that all interest earned on money in the fund be retained in the fund and be used before any principal is depleted. The fund is currently invested in all short-term investments, called the treasury pool. As of September 2023, the treasury pool was earning interest of about 3.6 percent annually. The modest rate of return is attributed to the types and timing of investments, as much of the treasury pool is invested in fixed income securities. These securities provide a guaranteed rate of return for the duration of the investment. As these securities mature, the rate of return will depend on available investment options and market conditions. Under the current practice of disbursing the school finance appropriation as late in the fiscal year as possible, the balance of the SEF builds over the course of the fiscal year, earning interest, and then drops at the end of the fiscal year when the most significant expense is paid.



## State Money to Meet Amendment 23 Funding Requirements in FY 2024-25

Amendment 23 requires the statewide base per pupil funding amount for preschool through twelfth grade education to increase annually by the inflation rate. The same requirement applies to state funding for categorical programs. Under current law, meeting these two obligations are expected to cost the state just over \$3.2 billion in FY 2024-25, as illustrated in line 10 of Table 2. This represents a decrease of about \$103 million from the Amendment 23 requirements in FY 2023-24. Note that the school finance and categorical program dollar amounts in Table 2 are based on the recently released actual inflation rate of 5.2 percent for 2023.

**School finance funding.** Under current law, the projected statewide base per pupil funding amount for FY 2024-25 is \$8,496.38, an increase of \$419.97 over the current budget year. When combined with a 1.1 percent decrease in the funded pupil count, total funding for school finance is projected to be \$9,695.8 million, an increase of \$380.5 million over the current budget year, before application of the budget stabilization factor (line 3). Local property and specific ownership taxes are expected to increase by \$409.8 million, resulting in a net decrease in state aid of \$29.3 million before application of the budget stabilization factor (line 5). Assuming passage of the 2024 supplemental school finance bill, the budget stabilization factor will remain at \$141.2 million in FY 2023-24, and state aid for school finance will increase by \$111.9 million (line 7).

**Categorical programs.** Total state funding for categorical programs is estimated at \$523.9 million for FY 2024-25, an increase of 5.2 percent over the prior year, or \$25.9 million (line 9). Total state funding for categorical programs and school finance will therefore increase by \$137.8 million, as reflected in the last row of Table 2.



**Table 2**  
**State Money Required to Meet School Finance Act Funding Requirements in**  
**FY 2024-25 under Current Law**  
Assuming passage of 2023 supplemental school finance bill  
*Millions of Dollars*

	Calculation of Funding Amounts	Estimated FY 2024-25	Change from FY 2023-24
1	Total funding under the school finance act for base increase of inflation	\$7,224.6	\$280.6
2	Plus other factors included in school finance formula, before the budget stabilization factor	\$2,471.2	\$99.9
3	Equals total program funding before budget stabilization factor	\$9,695.8	\$380.5
4	Minus property and specific ownership taxes for school finance	\$4,587.8	\$409.8
5	Equals state aid before budget stabilization factor	\$5,108.0	(\$29.3)
6	Minus budget stabilization factor	\$0.0	(\$141.2)
7	Equals state aid for school finance funding	\$5,108.0	\$111.9
8	Total school finance funding after BS factor (lines 4+7)	\$9,695.8	\$521.7
<b>Categorical Programs</b>			
9	Total funding for categorical programs with increase for inflation	\$523.9	\$25.9
<b>Total: School Finance Funding Plus Categorical Programs</b>			
10	Total state funding required for school finance base and categorical programs (sum of lines 1 and 9) minus local funding (line 4)	\$3,160.7	(\$103.3)
11	Total state funding for school finance and categorical programs (sum of lines 7 and 9)	\$5,631.9	\$137.8

*Note: Numbers may not sum due to rounding.*

## **Other Revenue to Meet State Funding Requirements under Amendment 23: State Public School Fund**

In addition to General Fund and SEF revenue, other revenue from federal mineral leases and state school trust lands is available to meet the funding requirements of Amendment 23 and the School Finance Act. These revenue sources are deposited in and appropriated from the State Public School Fund. In addition, beginning in FY 2019-20, 12.5 percent of marijuana sales tax





revenue is annually appropriated to the fund. Table 3 shows expected sources of revenue to and obligations from the State Public School Fund in FY 2024-25.

**Table 3**  
**Expected Revenue Sources for the State Public School Fund**  
*Millions of Dollars*

	<b>Revenue Sources</b>	<b>Estimated FY 2024-25</b>
1	Beginning Balance	\$39.1
2	Federal Mineral Lease Revenue	\$58.8
3	Permanent Trust Fund Interest	\$21.0
4	State Audit Recoveries	\$1.0
5	<u>Marijuana Sales Tax Revenue</u>	<u>\$25.0</u>
6	Total Revenue to State Public School Fund (sum lines 1-5)	\$144.9
	<b>Expenditures</b>	
7	School Finance Payments	\$93.4
8	Other Appropriations	\$21.6
9	<u>Targeted Ending Balance</u>	<u>\$30.0</u>
10	State Public School Fund Total Obligations (sum lines 7- 9)	\$145.0

*Note: Assumes December 2023 Legislative Council Staff Forecast. Totals may not sum due to rounding.*

The estimated amount from the State Public School Fund available in FY 2024-25 for school finance is \$93.4 million (line 7). This amount is based on a beginning balance of \$39.1 million, federal mineral lease deposits of \$58.8 million, Permanent Trust Fund interest of \$21.0 million, \$1.0 million in district audit recoveries, and current expectations of \$25.0 million for marijuana sales tax revenue. This amount also assumes a continuation of \$21.6 million in other appropriations from the fund, and a targeted ending balance of \$30.0 million to account for actual marijuana collections.

These assumptions have implications for the required appropriations from the General Fund and the State Education Fund. As Table 4 shows, the total state funding requirement for school finance and categorical programs in FY 2024-25 is \$5,631.9 million, an increase of \$137.8 million over the prior year. Netting out the available contribution from the State Public School Fund leaves a funding requirement from the General Fund and the SEF of \$5,538.5 million for FY 2024-25, an increase of \$340.2 million compared with the prior year.



**Table 4**  
**Other Revenue for School Finance Act Funding Requirements under Current Law**  
*Millions of Dollars*

Other Revenue Amounts		Estimated FY 2024-25	Change from FY 2023-24
1	Total state funding required for school finance and categorical programs (Table 2, line 11)	\$5,631.9	\$137.8
2	Minus State Public School Fund revenue for school finance	<u>\$93.4</u>	<u>(\$202.4)</u>
3	Equals General Fund and State Education Fund for school finance and categorical programs (line 1 minus line 2)	\$5,538.5	\$340.2

*Note: Numbers may not sum due to rounding.*

## General Fund and SEF Appropriations and the SEF Fund Balance under Three Scenarios

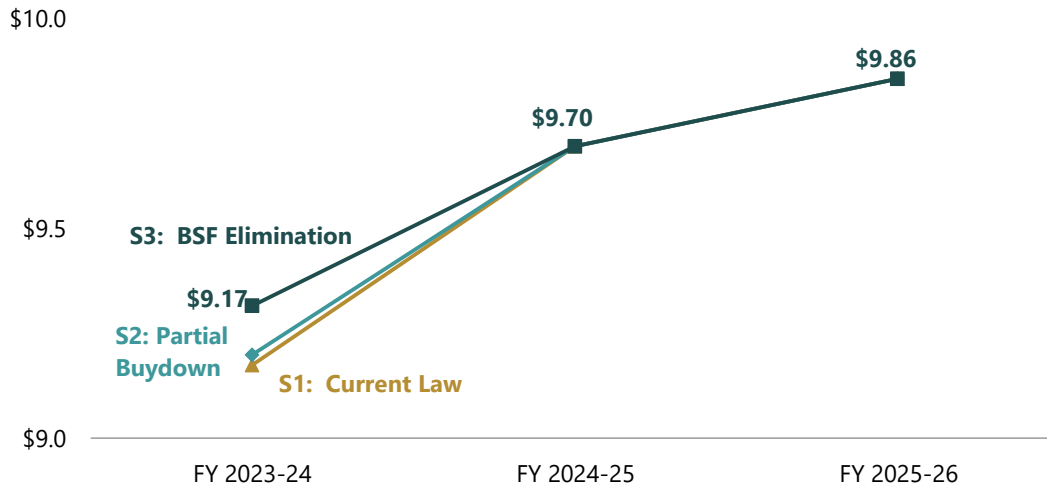
This portion of the report presents three different funding scenarios for school finance, how they impact the projected balance of the SEF in FY 2023-24, FY 2024-25 and FY 2025-26, and what each scenario entails for General Fund support for school finance. These scenarios are intended to address the statutory requirement for an estimate of the maximum amount of money that can be appropriated from the SEF and the minimum amount of money that can be appropriated from the General Fund without adversely affecting the solvency of the SEF. For purposes of this report, the minimum General Fund contribution in any year is assumed to be the prior year's level, as described in the baseline scenario. The scenarios are as follows, and all three assume the budget stabilization factor is eliminated in FY 2024-25 and thereafter:

- The first scenario is based on current law and projects total program over the next two years, assuming the value of the budget stabilization factor remains \$141.2 million in FY 2023-24.
- The second scenario assumes that the budget stabilization factor be reduced by \$24.0 million to \$117.3 million in FY 2023-24, the amount of over appropriation from the SEF last spring.
- The third scenario contemplates the elimination of the budget stabilization factor in FY 2023-24.

Figure 2 illustrates projected total program funding under each of these funding scenarios.



**Figure 2**  
**Total Program Funding Scenarios**  
*Billions of Dollars*



Source: Legislative Council Staff State Education Fund Model.  
BSF = Budget Stabilization Factor.

**Scenario 1: Current law.** Assuming the supplemental school finance bill is adopted, the budget stabilization factor will be set at \$141.2 million in FY 2023-24 and will be eliminated in FY 2024-25 and thereafter. If the General Fund contribution is held at its current level through FY 2027-28, the SEF ending balance will be over \$1.5 billion in FY 2024-25, nearly \$1.4 billion in FY 2025-26, \$1.1 billion in FY 2026-27 and \$1.0 billion in FY 2027-28. Table 5 shows total school finance funding, total state aid, appropriations from the SEF and General Fund, and the corresponding balance of the SEF under this scenario.

**Table 5**  
**Scenario 1: SEF Balances under Current Law (Scenario 1)**  
*Millions of Dollars*

Fiscal Year	Total School Finance Funding	Total State Aid*	SEF Appropriation	General Fund Appropriation	General Fund Change from Prior Year	SEF Balance
2023-24	\$9,174	\$4,996	\$462	\$4,239	\$0	\$1,537
2024-25	\$9,696	\$5,108	\$776	\$4,239	\$0	\$1,544
2025-26	\$9,857	\$5,182	\$850	\$4,239	\$0	\$1,389
2026-27	\$10,050	\$5,338	\$1,006	\$4,239	\$0	\$1,135
2027-28	\$10,237	\$5,265	\$933	\$4,239	\$0	\$1,012

\*Includes appropriations from the State Public School Fund.

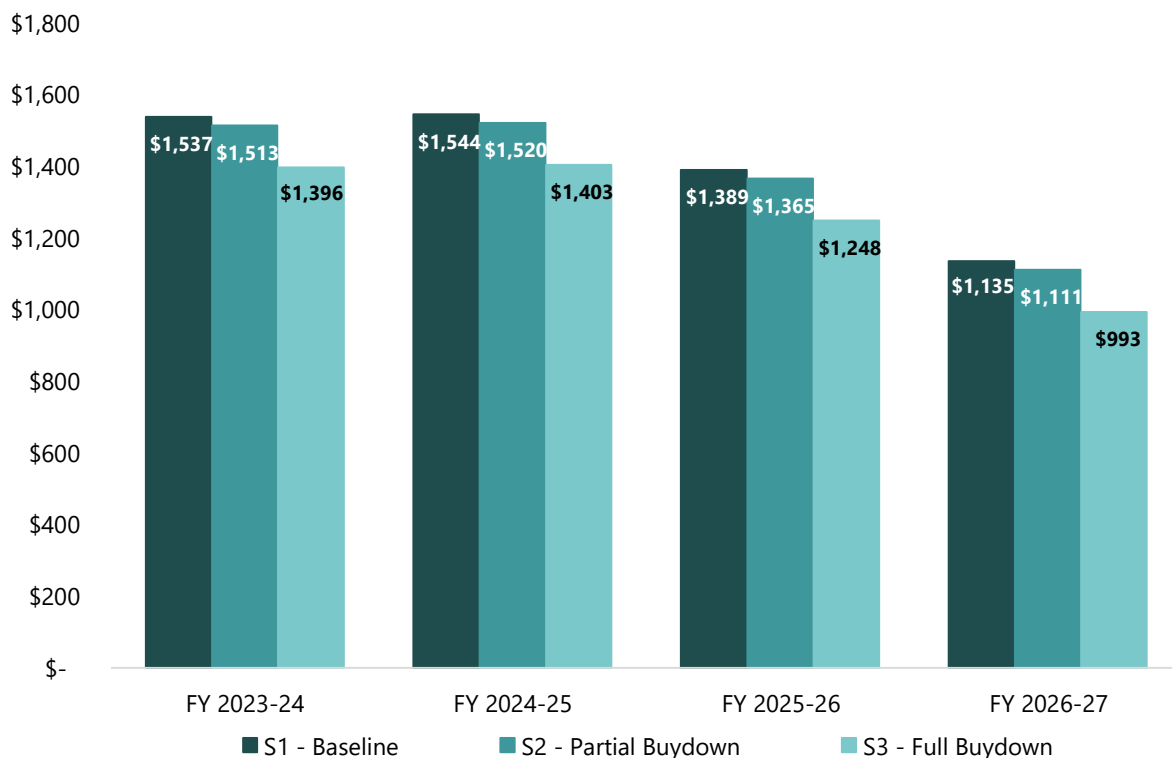


**Scenario 2: Budget stabilization factor decreases to \$117.3 million in FY 2023-24.** If the value of the budget stabilization factor decreases by \$24.0 million in FY 2023-24 and is eliminated in FY 2024-25 and beyond, total program funding will increase correspondingly. Assuming General Fund appropriations remain constant, the SEF balance is estimated to be \$1.5 billion in FY 2024-25, \$1.4 billion in FY 2025-26, \$1.1 billion in FY 2026-27, and nearly \$990 million in FY 2027-28.

**Scenario 3: Eliminate the budget stabilization factor.** This scenario contemplates eliminating the budget stabilization factor beginning in FY 2023-24. As seen in Figure 2, this scenario produces the largest increase in total program funding. Again assuming General Fund appropriations remain constant, the SEF balance would decrease from \$1.4 billion in FY 2024-25 to \$1.2 billion in FY 2025-26, nearly \$1.0 billion in FY 2026-27, and \$870 million in FY 2027-28.

Figure 3 illustrates the estimated SEF ending balances under current law and the two alternate scenarios.

**Figure 3**  
**State Education Fund Appropriations Ending Balances under Three Scenarios**  
*Millions of Dollars*



Source: Legislative Council Staff State Education Fund Model and LCS December 2023.



## **Funding for Additional Programs**

The final requirement for this report is an estimate of the impact that various levels of General Fund appropriations above the minimum have on the amount of money in the SEF. The purpose of this requirement is to determine whether funding can be provided in FY 2024-25 from the SEF for programs that are permitted but not required by Amendment 23. Given projections for General Fund revenue and SEF balances, it is possible that additional funding could be provided from either source to expand programs, although this may adversely affect school finance funding.

## **Appendices**

Appendix A contains historical data on school finance funding; SEF revenue, appropriations, and fund balances; and General Fund appropriations for school finance. It also shows projected SEF revenue, appropriations, and fund balances along with General Fund contributions to school finance for the period from FY 2023-24 through FY 2026-27. These projections are based on current law requirements for total school finance funding as reflected in the 2024 supplemental school finance bill, and assume the budget stabilization factor remains at \$141.2 million and the General Fund appropriation is held at its current level as described in Scenario 1 above after that. Appendix B is the text of Amendment 23.



## Appendix A

### Estimated Balance of State Education Fund under Current Law *Dollars in Millions*

(Assumes passage of 2024 supplemental school finance bill, the budget stabilization factor at \$141.2 million in FY 2023-24 and eliminated in subsequent years; and a constant General Fund contribution from FY 2023-24 through FY 2026-27 as described in Scenario 1)

Fiscal Year	Revenue to the SEF	Spending for School Finance	Spending for Categorical Programs	Total SEF Spending	Change in SEF from Prior Year	SEF Balance	GF Approp for School Finance	Change in GF Approp from Prior Year	Percent Change in GF Approp from Prior Year	Total School Finance Act Funding	Change in Spending from Prior Year
2010-11	\$592.90	\$284.00	\$89.30	\$427.20	-\$54.80	\$363.40	\$2,797.70	-\$278.60	-9.1%	\$5,442	-\$146
2011-12	\$416.70	\$511.10	\$93.70	\$654.30	\$227.10	\$133.80	\$2,671.80	-\$125.90	-4.5%	\$5,232	-\$210
2012-13	\$545.30	\$345.50	\$102.50	\$511.20	-\$143.10	\$183.40	\$2,852.30	\$180.50	6.8%	\$5,298	\$66
2013-14	\$1,597.60	\$527.40	\$127.10	\$740.90	\$229.70	\$1,048.90	\$2,985.30	\$133.00	4.7%	\$5,527	\$229
2014-15	\$583.70	\$668.40	\$136.50	\$960.20	\$219.30	\$691.40	\$3,184.00	\$198.70	6.7%	\$5,933	\$406
2015-16	\$547.90	\$630.30	\$144.30	\$947.60	-\$12.60	\$302.30	\$3,299.30	\$115.30	3.6%	\$6,240	\$307
2016-17	\$565.30	\$467.20	\$147.80	\$774.00	-\$173.60	\$102.20	\$3,591.20	\$291.90	8.8%	\$6,373	\$133
2017-18	\$642.80	\$228.10	\$155.90	\$541.40	-\$232.60	\$208.70	\$3,892.40	\$301.20	8.4%	\$6,628	\$255
2018-19	\$718.30	\$404.00	\$166.00	\$760.50	\$219.10	\$176.00	\$3,921.90	\$29.50	0.8%	\$7,067	\$439
2019-20	\$687.50	\$406.70	\$173.70	\$726.00	-\$34.50	\$166.70	\$4,166.40	\$244.50	6.2%	\$7,606	\$539
2020-21	\$1,036.30	\$297.90	\$180.70	\$614.90	-\$111.10	\$541.40	\$3,752.90	-\$413.50	-9.9%	\$7,238	-\$368
2021-22	\$1,268.10	\$474.80	\$197.60	\$783.80	\$168.90	\$930.90	\$4,040.80	\$287.90	7.7%	\$7,989	\$751
2022-23	\$1,495.70	\$638.40	\$277.60	\$1,041.20	\$257.40	\$1,454.30	\$4,238.70	\$197.90	4.9%	\$8,439	\$450
2023-24	\$1,062.20	\$461.60	\$334.20	\$1,024.70	-\$16.50	\$1,537.40	\$4,238.70	\$0.00	0.0%	\$9,174	\$735
2024-25f	\$1,100.10	\$776.00	\$360.10	\$1,286.00	\$261.30	\$1,544.40	\$4,238.70	\$0.00	0.0%	\$9,696	\$522
2025-26f	\$1,167.00	\$849.90	\$378.40	\$1,370.90	\$84.90	\$1,389.40	\$4,238.70	\$0.00	0.0%	\$9,857	\$161
2026-27f	\$1,235.90	\$1,005.50	\$392.50	\$1,541.30	\$170.40	\$1,134.60	\$4,238.70	\$0.00	0.0%	\$10,050	\$193



## Appendix B

### Colorado Constitution

#### Section 17. Education - Funding.

**(1) Purpose.** In state fiscal year 2001-2002 through state fiscal year 2010-2011, the statewide base per pupil funding, as defined by the Public School Finance Act of 1994, article 54 of title 22, Colorado Revised Statutes on the effective date of this section, for public education from preschool through the twelfth grade and total state funding for all categorical programs shall grow annually at least by the rate of inflation plus an additional one percentage point. In state fiscal year 2011-2012, and each fiscal year thereafter, the statewide base per pupil funding for public education from preschool through the twelfth grade and total state funding for all categorical programs shall grow annually at a rate set by the general assembly that is at least equal to the rate of inflation.

**(2) Definitions.** For purposes of this section: (a) "Categorical programs" include transportation programs, English language proficiency programs, expelled and at-risk student programs, special education programs (including gifted and talented programs), suspended student programs, vocational education programs, small attendance centers, comprehensive health education programs, and other current and future accountable programs specifically identified in statute as a categorical program.

(b) "Inflation" has the same meaning as defined in article X, section 20, subsection (2), paragraph (f) of the Colorado constitution.

**(3) Implementation.** In state fiscal year 2001-2002 and each fiscal year thereafter, the general assembly may annually appropriate, and school districts may annually expend, monies from the state education fund created in subsection (4) of this section. Such appropriations and expenditures shall not be subject to the statutory limitation on general fund appropriations growth, the limitation on fiscal year spending set forth in article X, section 20 of the Colorado constitution, or any other spending limitation existing in law.

**(4) State Education Fund Created.** (a) There is hereby created in the department of the treasury the state education fund. Beginning on the effective date of this measure, all state revenues collected from a tax of one third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined in law, shall be deposited in the state education fund. Revenues generated from a tax of one third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined in law, shall not be subject to the limitation on fiscal year spending set forth in article X, section 20 of the Colorado constitution. All interest earned on monies in the state education fund shall be deposited in the state education fund and shall be used before any principal is depleted.



Monies remaining in the state education fund at the end of any fiscal year shall remain in the fund and not revert to the general fund.

(b) In state fiscal year 2001-2002, and each fiscal year thereafter, the general assembly may annually appropriate monies from the state education fund. Monies in the state education fund may only be used to comply with subsection (1) of this section and for accountable education reform, for accountable programs to meet state academic standards, for class size reduction, for expanding technology education, for improving student safety, for expanding the availability of preschool and kindergarten programs, for performance incentives for teachers, for accountability reporting, or for public school building capital construction.

**(5) Maintenance of Effort.** Monies appropriated from the state education fund shall not be used to supplant the level of general fund appropriations existing on the effective date of this section for total program education funding under the Public School Finance Act of 1994, article 54 of title 22, Colorado Revised Statutes, and for categorical programs as defined in subsection (2) of this section. In state fiscal year 2001-2002 through state fiscal year 2010-2011, the general assembly shall, at a minimum, annually increase the general fund appropriation for total program under the "Public School Finance Act of 1994," or any successor act, by an amount not below five percent of the prior year general fund appropriation for total program under the "Public School Finance Act of 1994," or any successor act. This general fund growth requirement shall not apply in any fiscal year in which Colorado personal income grows less than four and one half percent between the two previous calendar years.