# Colorado

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# **Summary and Highlights**

This snapshot analyzes the revenue sources and funding equity of district public schools and charter schools in Colorado and, in particular, Colorado Springs and Denver for FY 2006-07

(Figure 1). 1

In the following figures, the statewide values show how much per pupil funding districts in the state received compared to how much charter schools received per pupil. The statewide values weighted for charter enrollment adjust these figures to account for the fact that some districts enroll more charter students than others and the district per pupil revenue varies between districts. The

Figure 2: District and Charter School Revenues and Enrollments

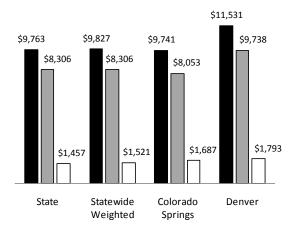
Figure 2: Distric	ct and Chart	er School R	evenues and	Enrollment	S			
Colorado (2006-07)	Statewide		Statewide Weighted for Charter Enrollment		Colorado Springs		Denver	
Per pupil Revenu	ie							
District		\$9,763		\$9,827		\$9,741		\$11,531
Charter	\$8,306		\$8,306		\$8,053		\$9,738	
Difference		(\$1,457)		(\$1,521)	(\$1,687)		(\$1,793)	
Difference		(14.9%)		(15.5%)		(17.3%)		(15.5%)
Per pupil Revenue by Source	District	Charter	District	Charter	District	Charter	District	Charter
Federal	\$707	\$292	\$731	\$292	\$887	\$192	\$1,354	\$984
State	\$4,033	\$6,475	\$4,004	\$6,475	\$4,013	\$6,272	\$3,223	\$6,883
Local	\$4,983	\$1,194	\$5,053	\$1,194	\$4,821	\$1,590	\$6,941	\$1,871
Other	\$14	\$345	\$14	\$345	\$8	\$0	\$4	\$0
Indeterminate	\$26	\$0	\$25	\$0	\$11	\$0	\$9	\$0
Total	\$9,763	\$8,306	\$9,827	\$8,306	\$9,741	\$8,053	\$11,531	\$9,738
Enrollment								
D	717,168		N/A		27,392		62,715	
District	93.3%		N/A		92.8%		91.0%	
	51,681		N/A		2,110		6,210	
Charter		6.7%	N/A		7.2%		9.0%	
Charter			·					
Schools		142	142 N/A		7		19	
Total Revenue								
District	\$7,001,390,439		N/A		\$266,821,923		\$723,162,339	
District	94.2%		N/A		94.0%		92.3%	
Chartar	\$429,261,742		N/A		\$16,992,721		\$60,475,403	
Charter	5.8%		N/A		6.0%		7.7%	
Total	\$7,4	30,652,182	N/A	4	\$283,814,644		\$783,637,741	
Percentage of Revenue by Source	District	Charter	District	Charter	District	Charter	District	Charter
Federal	7.2%	3.5%	7.4%	3.5%	9.1%	2.4%	11.7%	10.1%
State	41.3%	78.0%	40.7%	78.0%	41.2%	77.9%	28.0%	70.7%
Local	51.0%	14.4%	51.4%	14.4%	49.5%	19.7%	60.2%	19.2%
Other	0.1%	4.2%	0.1%	4.2%	0.1%	0.0%	0.0%	0.0%
Indeterminate	0.3%	0.0%	0.3%	0.0%	0.1%	0.0%	0.1%	0.0%
Change in distric	Change in district school funding if subjected to charter funding structure							
	(\$1.0 b					(\$46.2 million) (\$112.4 million)		
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weighted values estimate how much more or less per pupil funding charter schools received compared to the funding district schools would have received to educate the same students. (See Methodology for details.)

## **Highlights of Our Findings**

- Colorado charter schools received \$8,306 in revenue per pupil compared to \$9,763 in revenue per pupil for district public schools—a difference of \$1,457, or 14.9 percent.
- Colorado charter schools received \$8,306 per pupil in revenue, but district schools would have received an estimated \$9,827 to educate the same students a difference of \$1,521, or 15.5 percent. Weighting the district per pupil revenue for charter enrollment, therefore, increases the funding disparity by \$64.

Figure 2: Per Pupil Total Revenue for Colorado District vs. Charter Schools, FY 2006-07



- District □ Charter □ Difference
- Charter schools in Colorado statewide serve 6.7 percent of students but receive only 5.8 percent of public school revenues. Charter schools in Colorado Springs and Denver serve 7.2 and 9.0 percent of students, respectively; but receive only 6.0 and 7.7 percent of revenues, respectively.
- Colorado Springs charter schools received \$8,053 in revenue per pupil compared to \$9,741

in revenue per pupil for district schools — a difference of \$1,687, or 17.3 percent (Figures 1 and 2). $^2$ 

■ Denver charter schools received \$9,738 in revenue per pupil compared to \$11,531 in revenue per pupil for district schools — a difference of \$1,793, or 15.5 percent (Figures 1 and 2).

# **Primary Reasons for Funding Disparities**

- Differing student needs and school characteristics are not great enough to account for statewide, Colorado Springs, and Denver per pupil revenue differences as large as \$1,457, \$1,687, and \$1,793, respectively – there are district vs. charter school funding disparities.
- Statewide, charter schools have a lower percentage of Title 1 schools 21.5 percent vs. 36.1 percent for district schools (Figure 5). As a statewide result, charter schools receive less federal revenues on a per pupil basis than district schools 3.5 percent vs. 7.2 percent for district schools (Figure 1 and 5). However, this does not fully explain the total revenue disparity.
- The Denver district school per pupil of \$11,531 is much higher than the statewide district per pupil of \$9,763. A portion of this difference is explained by a higher percentage of Title 1 district students in Denver (68.2 percent) than for statewide district schools (36.1 percent). Also, a comparison of FY 2002-03 data to FY 2006-07 data shows that revenues increased substantially for Denver district schools (by 11.0 percent); while enrollments decreased (by 0.7 percent). Whereas, all other statewide district school revenues decreased (by 1.8 percent) while enrollments increased (by 5.4 percent).
- The disparity of \$1,457 (14.9 percent) between statewide district school per pupil revenues and charter school per pupil revenues is due in part to the fact that Colorado charter schools do not have access to additional Local funding available

to district schools, which is raised through voterapproved tax overrides (Figures 2 and 4).

#### **How Colorado Funds Its District Schools**

Colorado public schools receive funding from a variety of sources. Most revenues are provided through the Public School Finance Act of 1994 (as amended). Approximately 63 percent of state revenues are from state taxes, 3 percent from vehicle registrations, 32 percent from local property tax, and 2 percent from other state sources.

The term "Total Program" is used to describe the total amount of money each school district receives under the School Finance Act. 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). Generally, pupils in grades 1 through 12 are counted either as full-time or part-time. Total Program funding to school districts is based on a per pupil formula that calculates Total Program. For each pupil funded the formula provides a base per-pupil amount of money plus additional money to recognize district-by-district variances in: (1) cost of living; (2) personnel costs; and (3) 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.

#### **How Colorado Funds Its Charter Schools**

In the original law from 1993 charter school per pupil funding was to be no less than 80 percent of the district's per pupil operating revenues. The state has since changed that formula. Today, charter schools authorized by local school boards receive the same amount of per pupil revenue as the boards spend on their other pupils, less specified administrative costs based on actual district spending as reported to the state. Districts with 500 or fewer students can hold back up to 15 percent; all other districts can hold back no more than 5 percent.

**Figure 3: State Charter School Policies** 

State Policies	Yes	No	Partial
Charter schools receive their funding directly from the state			X³
Charter schools are eligible for local funding	Х		
Cap on funding a charter school can receive		Х	
District public schools receive differential funding (e.g. more funding for 9-12 vs. K-8 schools)		x	
Charter schools receive differential funding		Х	
State allows district to withhold funding from charter schools for providing administrative services	Х		
State "holds harmless" district funding for charter enrollment		Х	
School is considered LEA if authorized by non-district organization		Х	
School is considered LEA if authorized by district		X	
Cap on number of charter schools		X	
Cap on number of charter schools authorized per year		х	
Cap on number of students attending charter schools		Х	
Charter schools have an open enrollment policy	X <sup>4</sup>		

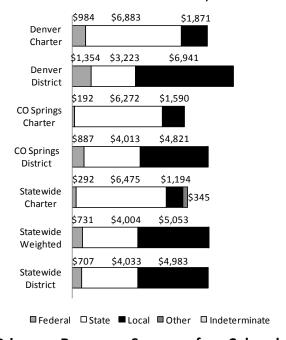
Charter schools authorized by the Colorado Charter School Institute (CSI) receive the same amount of revenue per pupil as that provided for other students in the district in which the school is located, less up to 3 percent for CSI's administrative costs and up to 2 percent for the Colorado Department of Education's administrative costs.

### **Facility Funding**

The state has also made it easier for charters to obtain funds for facilities. For example, the Colorado Legislature appropriated \$5 million in capital construction funds that qualified charter schools receive on a per pupil basis and allows the Colorado Educational and Cultural Facility Authority (CECFA) to issue bonds on their behalf. In addition, the Legislature created a debt reserve fund that enhances charter schools' ability to obtain more favorable rates for funds borrowed from CECFA.

Finally, districts are required to invite charter schools to discuss their capital construction needs prior to submitting a request to voters or floating a bond for facilities funding. Districts are not required to include charter schools as part of their requests or bonds.<sup>5</sup>

Figure 4: Per Pupil Revenue by Source for Colorado District vs. Charter Schools, FY 2006-07



# Primary Revenue Sources for Colorado's Public Schools

The net result of revenue funding practices is illustrated in Figures 4 and 5. Charter schools compared to district schools receive more state revenue, less federal revenue, and less local revenue. Figure 4 above shows that District

schools statewide receive \$4,983 per pupil in Local revenues vs. \$1,194 for charter schools. Although charter schools statewide receive more state funding, it is not enough to equalize total funding.

**Figure 5: School Characteristics** 

Colorado (2006-07)	Statewide District	Statewide Charters
Percentage of students eligible for free or reduced price lunch	34.6%	25.6%
Percentage of schools eligible for Title I	36.1%	21.5%
Percentage of students by school type:		
Primary (K-5)	49.7%	48.4%
Middle (6-8)	19.2%	5.2%
High (9-12)	29.0%	12.0%
Other (K-12, K-8, etc.)	2.0%	34.4%

#### **State Scorecard**

We have assigned ratings to each state based on the quality of data available, as well as to the extent to which charter schools have access to specific streams of revenue (Figure 6).

In Figure 6, we judged "Data Availability" on the ease of access to the information needed for this study and others like it. A rating of "Yes" means that all information was available through web sources or that it was provided upon request by state departments of education. A rating of "Partial" means some but not all of the data for this study were available either through web sources or through state departments of education. A rating of "No" means the data were not available either through web sources or through state departments of education.

Separately, we judged "Funding Formula" based on whether or not charters were considered local education agencies (LEAs) for purposes of funding. "Yes" means that charters in the state are always considered LEAs for all forms of funding. "Partial" means that charters are sometimes considered LEAs for specific streams of funding (such as federal revenue) or that only certain charters are

Figure 6: State Scorecard

Figure	e 6: State Scorecard	60
	Findings	со
Federal Funding	Charters have access to federal funds according to state statutes (Yes = black, No = white)	Y
	Percentage of federal revenue is greater than (>; black), equal to (=; black), or is less than (<; white) that of total enrollment for charter schools	<
State Funding	Charters have access to state funds according to state statutes (Yes = black, No = white)	Y
	Percentage of state revenue is <i>greater</i> than (>; black), equal to (=; black), or is less than (<; white) that of total enrollment for charter schools	>
Local Funding	Charters have access to local funds according to state statutes (Yes = black, No = white)	Υ
	Percentage of local revenue is <i>greater</i> than (>; black), equal to (=; black), or is less than (<; white) that of total enrollment for charter schools	<
Facilities Funding	Charters have access to facilities funds according to state statutes (Yes = black, No = white)	Y
	Percentage of facilities revenue is greater than (>; black), equal to (=; black), or is less than (<; white) that of total enrollment for charter schools	<
Data Availability	State provides detailed, public data on federal, state, local, and other revenues for district schools (Yes = black, Partial = grey, No = white)	Y <sup>6</sup>
	State provides detailed, public data on federal, state, local and other revenues for charter schools (Yes = black, Partial = grey, No = white)	Υ <sup>6</sup>
Funding Formula	Charters are treated as LEAs for funding purposes (Yes = black, Partial = grey, No = white)	
	State funds student (black) or the LEA (grey)	S
	State funding formula is fair and equitable (Yes = black, No = white)	N

considered to be LEAs. "No" means charters in the state are never considered an LEA for funding purposes. A state received a rating of fair and equitable funding if charters received fair and equitable revenue in all four revenue streams listed.

Similar methods were applied to ratings for federal funding, state funding, local funding, and facilities funding.

#### **Endnotes**

- <sup>1</sup> The primary source for revenue data was provided by the Colorado Department of Education (CDE). The School Finance Unit provided a 125,777 line item text file of statewide accounts for FY 2006-07, inclusive of expenditures, revenues, and balance sheet accounts. Non-revenue line items were culled. The file included revenue data for school districts and charter schools. The 5 MB file was named: 06-07Fin periodic.txt. The two CDE sources for membership numbers (enrollment) (1) CDE report, Fall 2006 Pupil were: Membership by County, District, Grade, Race/Ethnicity and Gender (includes inseparable district and charter school membership); and (2) CDE Charter School Unit report, Fall 2006 Charter School Pupil Membership by District, School and Grade (includes only charter school membership). The charter school enrollments were subtracted from the inseparable total enrollments to obtain district school enrollments.
- <sup>2</sup> There is a significant decrease in the district vs. charter per pupil variance between FY 2002-03 (27.4 percent) and FY 2006-07 (17.3 percent) for Colorado Springs; whereas the State and Denver variances between FY 2002-03 and FY 2006-07 are in the same range. During this period Colorado Springs district revenue increased 9.5 percent (with an enrollment decrease of 5.6 percent); and charter revenue increased 50.9 percent (with an enrollment increase of 14.3 percent). The variable most responsible for the overall improvement in *district/charter* variance

is a sharp increase in the charter per pupil amount (from \$6,100 in FY 2002-03 to \$8,053 in FY 2006-07; a 32 percent increase). Most of this increase is attributable to Colorado Springs charter school local revenue (from \$559 in FY 2002-03 to \$1,590 in FY 2006-07; a 184 percent Colorado charter law funding increase). requirements in FY 2002-03 were not significantly changed by FY 2006-07. From 1993 to 2003 all charters were authorized by school districts only; and school district resistance to charters was great. In the prior Revenue Study using FY 2002-03 data, it was noted that school districts were defiantly providing charter schools with less funding than the State Law specified. However, in 2004 the State legislature created the Colorado Charter School Institute (CSI), a second authorizing body; there were turnovers in the leadership at CDE and elected legislative positions and school boards; and a balanced judicial charter repeal process forced districts to comply with the law generating a more positive By FY 2006-07, 17 charter environment. charters were opened by the CSI, and were funded to the full extent of the law. The focus of the CSI was on children at risk. It is believed that this more favorable charter school climate (by judicial order and by enlightenment) is responsible for the greater local funding level for Colorado Springs. Essentially, the difference between FY 2002-03 and FY 2006-07 was not a change in the charter law, but rather a change to a more favorable climate that caused school districts to more closely fund charter schools as the law requires; and the creation of CSI.

<sup>3</sup> School boards may authorize charter schools; and the Colorado Charter School Institute (CSI) may authorize schools in districts that have not retained exclusive authority to grant charters. CSI is not fully independent from the state education department. For district-approved charter schools funds pass through the authorizing district. For CSI-approved charter schools, funds pass through the state.

requirements are not permitted, charter schools can provide preference for enrollment to district residents and to low achieving students.

Colorado H.B. 1349 creates the "Charter School Facilities Financing Act" to increase charter school access to the school district capital funding and planning process. This law requires each school district that is considering submitting a bond question at an upcoming election to invite each charter school it has chartered to participate in discussions regarding the possible submission of such a question at the earliest possible time. It encourages each school district to include voluntarily funding for the capital construction needs of charter schools in the district's bond questions. It authorizes a school district that has chartered one or more charter schools to seek voter approval for the imposition of a special mill levy of up to one mill for up to 10 years for the purpose of financing charter school capital construction. H.B. 1349 requires the contract entered into between the charter school and the district regarding the issuance of bond proceeds for the financing of charter school capital construction to specify that the ownership of any such capital construction shall revert automatically to the district if the charter school loses its charter, fails to pay for the capital construction, or becomes insolvent and that the charter school cannot further encumber any capital construction financed by bond revenues with additional debt. See: http://www.state.co.us/gov\_dir/stateleg.html Data were available when requested from the Colorado Department of Education in the form of a text file that was easily imported into Excel. The data are not made publicly available on a web site.

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Colorado charter schools are available to all students in the state. While admission

<sup>7</sup> A charter school approved by a local school district is considered part of the school district LEA; if approved by the Colorado Charter School Institute (CSI; the state) the charter school is considered part of the CSI LEA. Therefore, charter schools themselves are not considered to be independent LEAs. In late 2009, State Senator Keith King (R-Colorado Springs) introduced SB 111, Charter School Institute legislation. The bill is co-sponsored by Rep. Massey (R-Poncho Springs) in the House. In addition to containing several clean-up items, the bill asks the CSI to study the feasibility of each of its schools becoming their own Local Education Agency (LEA).