



## School Finance

During the 2018 legislative session, the General Assembly considered measures related to public school funding in Colorado. Specifically, the legislature considered bills pertaining to kindergarten through twelfth grade (K-12) school funding, tax credits and deductions, grant programs, school building maintenance funding, higher education funding, and funding for full-day kindergarten.

### Funding for K-12 Schools

The General Assembly considered one bill regarding K-12 school funding in Colorado. Specifically, *House Bill 18-1379* made the following changes:

- increases the statewide base per pupil funding amount for FY 2018-19 by \$222.57, or 3.4 percent, for a total of \$6,768.77;
- reduces the budget stabilization factor by \$150 million for FY 2018-19;
- distributes an additional \$30 million in pupil funding to eligible large rural and small rural school districts outside of the FY 2018-19 funding formula;
- increases the number of early childhood at-risk enhancement slots that may be used for either preschool students or to extend to full-day kindergarten;
- changes the allocation of English language learner funding by determining the number of students who have little or no English proficiency and the number of students who

have been designated fluent, but need monitoring; and

- changes the core course level participation and performance reporting requirements by limiting reporting on core courses to only the middle and secondary school levels.

State expenditures for K-12 school funding are estimated to increase by \$185,807,497 for FY 2018-19 and \$155,616,454 for FY 2019-20. The bill sets total program funding for FY 2018-19 at \$7.089 billion, which represents a 8.66 percent reduction from what funding levels would have been without the budget stabilization factor.

### Tax Credits and Deductions

The General Assembly passed one bill and postponed two bills indefinitely regarding tax credits and deductions for 529 tuition savings plans. *House Bill 18-1217* creates a new state income tax credit for employers who contribute to an employee's 529 qualified state tuition program administered by CollegeInvest. The credit amount is equal to 20 percent of each contribution made, up to \$500, and is available for tax years 2019 through 2021.

### Grant Programs

Several education-related grant programs were considered during the 2018 session. *House Bill 18-1396* creates the Advanced

---

## School Finance (cont'd)

---

Placement Exam Fee Grant Program in the Colorado Department of Education (CDE) to provide funds to schools to reduce the costs associated with advanced placement exam fees for low-income students. *House Bill 18-1412* creates the Retaining Teachers Grant Program in CDE to provide funding to school districts, Boards of Cooperative Educational Services, and charter schools to assist with teacher retention.

### School Construction Funding

Under the Building Excellent Schools Today (BEST) Act, the state may enter into any lease-purchase agreements for public school facility capital construction projects, subject to the limitation that the maximum total annual amount of lease payments payable under these agreements does not exceed \$100 million in a fiscal year. Additionally, the first \$40 million of retail marijuana excise tax revenue annually collected is transferred to the Public School Capital Construction Assistance Fund to support the BEST program. Beginning in FY 2018-19, *House Bill 18-1070* increases the amount of retail marijuana excise tax revenue transferred to the assistance fund to the greater of \$40 million or 90 percent of the revenue collected. The BEST program, established in 2008, provides grants to schools to rebuild, repair, or replace the state's aging K-12 educational facilities. The program is supported mainly by rent and royalty income earned on state trust lands administered by the State Land Board and marijuana excise tax revenue.

### Funding for Higher Education

The General Assembly passed one bill regarding funding for public institutions of higher education. *Senate Bill 18-262* appropriated money to the Colorado Department of Higher Education to fund and implement existing programs for need-based grants, student stipends, fee-for-

service contracts, local district college grants, and technical colleges.

### Funding Full-day Kindergarten

In the 2018 legislative session, the General Assembly considered two bills concerning funding for full-day kindergarten, both of which were postponed indefinitely.

Under existing law, students who are enrolled in kindergarten are counted as half-day students for purposes of school finance, and each school district receives an additional 0.08 of kindergarten enrollment. Beginning in FY 2018-19, *Senate Bill 18-004* would have required the state to provide funding for full-day kindergarten. The bill also would have referred a measure to the 2018 Colorado ballot authorizing the state to retain and spend all additional excess revenue over the constitutionally allowed limit, in which case the General Assembly would have been mandated to appropriate additional revenue to pay for full-day kindergarten. Similarly, *House Bill 18-1088* would have increased state funding for full-day kindergarten.