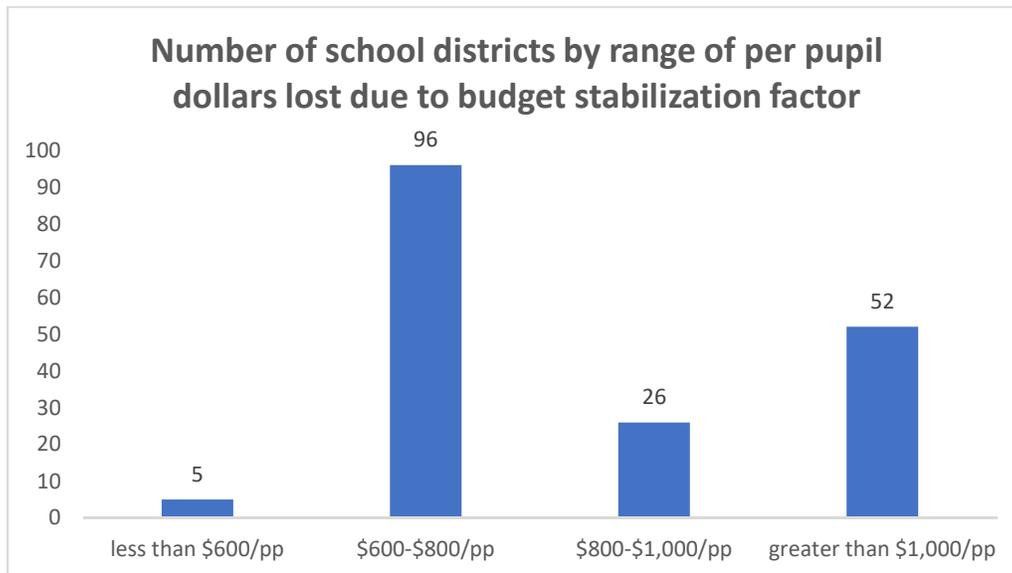


## What is the budget stabilization factor? And how does it impact school districts?

In FY 2009-10, Colorado’s legislature created a mechanism to cut funding called the budget stabilization factor due to the economic downturn. Given the pressure on balancing the state’s budget, this mechanism, or B/S factor, allows the state to reduce funding proportionally for each school district. Only the state funding to school districts is affected by the reduction.

In the year of its inception it was reflected in HB10-1369. In the most current legislative session, the 2019-20 budget reduced total funding by approximately 8.7 percent, or a total of \$572.4 million. This ongoing debt to K-12 school districts has a cumulative loss of over \$8.1 billion. The impact for school districts has varied. For example, 8.7% of \$12,000 is a larger dollar amount than 8.7% of \$7,000. The chart below shows the loss of dollars per pupil for school districts across the state.



On average, the budget stabilization factor reduced per pupil funding by more than \$846 this school year.

School districts make challenging budgetary decisions because of the budget stabilization factor. Since its inception in 2009-10, school districts have reported having to:

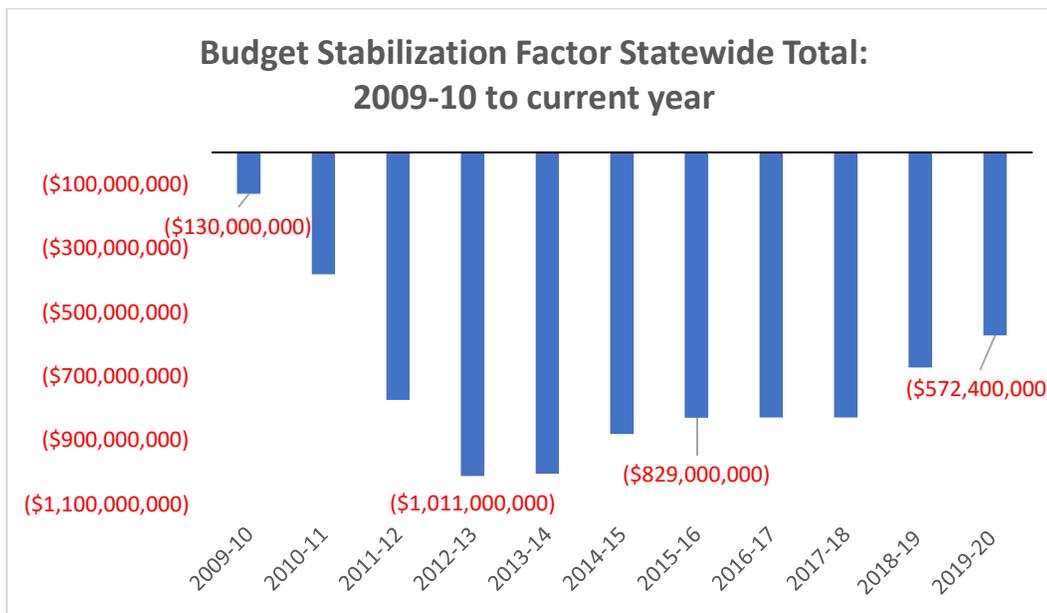
- furlough teachers;
- cut programs;
- defer maintenance on buildings and buses, and;
- forgo hiring additional support staff.

## COLORADO SCHOOL FINANCE PROJECT

Support Children - Support The Future

These are all critical components to a district's ability to provide a quality education to all students.

Yearly the amount of money taken away from students as a result of the budget stabilization factor has fluctuated. In the first year the factor reduced per pupil funding by \$130,000,000. In year 2 that amount more than doubled to \$381,000,000. This was followed significant increases in the factor with two years of over \$1 billion dollars subtracted from per pupil funding at the school district level. In last year's Public School Finance Act the state legislature did 'buy down' the budget stabilization factor by \$100,000,000. However, as this chart below illustrates that is very little compared to the \$8.1 billion debt incurred by school districts and students in our state.



[Click here](#) to see how individual districts have been impacted over the years by the budget stabilization factor.