

# Colorado

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Coloradans have reason to view the state's economic future optimistically due to regaining 57% of the jobs lost since the pandemic began last March. Despite the economic turmoil of the COVID-19 pandemic on businesses shutting down, Colorado's General fund, which consists of income tax collections, has remained strong.<sup>1</sup> On November 2, 2020, Governor Polis requested a budget of \$35.4 billion for the fiscal year 2021-2022, which is \$2.9 billion more than the 2020-21 budget. Included in the new budget is a 20% increase in general funds, from \$11.3 billion to \$13.6 billion. The governor's budget request aimed to "boost Colorado's economy" and invest "in the state's future"—being armed with an economic forecast that anticipates approximately \$5.3 billion for new spending (or reserves) may also serve as a driving force for such a positive financial outlook.<sup>2</sup> Colorado's Joint Budget Committee restored cuts that arose from the pandemic in various areas of the budget and directed funds towards new state initiatives.<sup>3</sup> Colorado's budget writers are confident the state can restore cuts to K-12 and higher education funding, grow the state's reserves, and use approximately \$50 million for new spending bills this fiscal year.<sup>4</sup>

Though General fund revenues are projected to decline 1.1% in fiscal year (FY) 2020-2021, the "significant budget balancing actions" taken during the 2020 legislative actions more than counterbalanced the projected decline but created a 30.7% reserve—\$2.95 billion over the required 2.86% reserve.<sup>5</sup>

## FUNDING PRIORITIES

As stated above, Colorado is in an unexpectedly strong financial position, despite being a part of one of this country's worst economic crises in history.<sup>6</sup> The

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1. Lucas High, State budget staffers see reason for optimism, *Greeley Tribune*, (March 20, 2021). <https://www.greeleytribune.com/2021/03/20/state-budget-staffers-see-reason-for-optimism/> (accessed March 19, 2021).

2. Colorado Governor's Office, *Governor Polis Releases State Budget Proposal*, (November 2, 2020). <https://www.colorado.gov/governor/news/3376-governor-polis-releases-state-budget-proposal> (accessed March 22, 2021).

3. Alex Burness, Colorado budget: Lawmakers to weigh 3% pay raise for state workers, restoring education cuts and more, *The Denver Post* (April 1, 2021).

4. *Ibid.*

5. Lucas High, State budget staffers see reason for optimism, *Greeley Tribune*, (March 20, 2021). <https://www.greeleytribune.com/2021/03/20/state-budget-staffers-see-reason-for-optimism/> (accessed March 19, 2021).

6. Lauren Bauer, Kristen Broady, Wendy Edelberg, and Jimmy O'Donnell, Ten facts about COVID-19 and the U.S. economy, *Brookings*, (September 17, 2020). <https://www.brookings.edu/research/ten-facts-about-covid-19-and-the-u-s-economy/> (accessed March 20, 2021).

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proposed budget is set to restore and increase per pupil funding for Colorado by \$902 (which may reduce the Budget Stabilization Factor—the debt owed to K-12 for the past decade), return higher education funding to its previous levels in FY 2019-2020 (\$572 million), and send funding back to the Public Employees Retirement Association (PERA). In addition to restoring funds, the budget will fund caseload needs in Medicaid and human services, invest in capital projects (those needed most), and the budget address Covid testing and response with more than \$750 million.

The state of Colorado funding priorities FY 2021-2022:

Health Care – \$12.37 billion total funds (3.511B general funds)

K-12 Education – \$6.6 billion total funds (\$4.5B general funds)

Higher Education – \$5.02 billion total funds (\$1.05B general funds)

Human Services – \$2.32 billion total funds (\$996M general funds)

Transportation – \$1.09 billion total funds (\$0 general funds)

Public Health and Environment – \$589 million total funds (\$60.8M general funds).<sup>7</sup>

#### CHANGES TO THE FUNDING FORMULA

Colorado is facing an enrollment decline (3.3%) and the State owes school districts approximately \$121 million less than it had originally budgeted due to the enrollment decline—these factors influence Colorado school funding.<sup>8</sup> The potential decrease in per-pupil funding may be counterbalanced by a decrease in the state’s budget stabilization factor; the decrease of the “budget stabilization factor” is largely due to the federal stimulus dollars that are associated with the American Rescue Plan.<sup>9</sup>

Regarding higher education, Colorado has typically funded institutions by the number of students they can enroll; however, the state is converting to a formula that weighs how well institutions serve its students.<sup>10</sup> This change to the state’s formula will be enacted in the 2021-2022 school year and will reward schools for educating disadvantaged students based on seven metrics that include those who are of color, low-income, the first to go to college in their family, and from

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7. Jared Polis, FY 2021-2022 budget request, *Colorado Governor’s Office*, (November 2, 2020). <https://cosfp.org/wp-content/uploads/Budget-Letter-Full-Version.pdf> (accessed March 20, 2021).

8. Erica Meltzer, Colorado lawmakers promise enrollment drop won’t hurt school funding, *The Colorado Sun*, (December 22, 2020). <https://coloradosun.com/2020/12/22/school-funding-colorado-enrollment-count/> (accessed March 24, 2021).

9. Alex Burness, Colorado budget: Lawmakers to weigh 3% pay raise for state workers, restoring education cuts and more, *The Denver Post* (April 1, 2021).

10. Jason Gonzales, Colorado’s shift to a new higher education funding formula focuses on the student, *Open Campus*, (June 2, 2020). <https://www.opencampusmedia.org/2020/06/02/colorados-shift-to-a-new-higher-education-funding-formula-focuses-on-the-student/> (accessed March 23, 2021).

Colorado.<sup>11</sup>

#### PRESSING STATE ISSUES AFFECTING P-12 AND/OR HIGHER EDUCATION FUNDING

Lawmakers in Colorado have designed the budget to address the economic causal consequences of Covid. Though lawmakers are optimistic and have more than \$1.5 billion in funds that are designated for Covid relief, the public should temper its optimism because the surplus is only due to conservative budgeting last year that created one-time funds—the expectation is not for these funds to last numerous years.<sup>12</sup> Restoring cut funds and funding new initiatives are the state's most pressing matters.

#### ALTERNATIVES TO TRADITIONAL P-12 PUBLIC SCHOOL

Colorado offers multi-district online schools, single-district online schools, and single-district programs that are authorized by either a Colorado school district, the Charter School Institute, or the Boards of Cooperative Educational Services (BOCES); all of these programs are accredited by the state of Colorado. Students across the state may attend Multi-district online schools, regardless of their home district.<sup>13</sup>

#### P-12 PER-PUPIL EXPENDITURE

The P-12 per-pupil expenditure is estimated at 7853.53 (base funding).

#### ALLOCATION OF STATE DOLLARS AND PERCENT OF THE STATE BUDGET FOR P-12 AND HIGHER EDUCATION

Colorado's current operating budget is approximately \$35.4 billion dollars and of those funds, P-12 and Higher Education receive \$6.6 billion (18.6% of the operating budget) and \$5.02 billion (14.1% of the operating budget), respectively.

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11. Ibid.

12. Saja Hindi, 10 things to know about the 2021 Colorado legislative session, The Denver Post, (January 13, 2021). <https://www.denverpost.com/2021/01/13/10-things-to-know-2021-colorado-legislative-session/> (March 22, 2021).

13. Colorado Department of Education, Online Schools and Programs, available at: <https://www.cde.state.co.us/onlinelearning/schools>.