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COMMON SCHOOL FINANCE IN COLORADO AND CERTAIN INFERENCES OF NATIONAL IMPORT*

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INTRODUCTION: EXISTING INEQUALITIES OF EDUCATIONAL OPPORTUNITY IN THE UNITED STATES

Throughout the United States, as throughout the world at large, no demand is more insistent, more loudly voiced, more significant today than the demand that education be universalized. It may be startling, but it is nevertheless true, that at the present moment education in the United States is neither universal, democratic, nor free.¹

In the year 1914-1915 a child living in Massachusetts would probably have attended school 157 days during the year, would have been taught by a teacher receiving an annual salary of over \$800, and would have had \$53 expended upon his education.² If, on the other hand, he were living in Alabama, and if he were fortunate enough to belong to the 63 percent of the children enrolled in school, he probably would have attended school 79 days, would have been taught by a teacher receiving an annual salary of \$345, and during the year would have had \$16.06 expended upon his education.

In Alabama the average length of the school year in rural communities is 110 days, in urban communities 176 days; 50 percent of the white children attend school, and only 29 percent of the negro children. There is on the average in this state one teacher for every 53 white children, but only one for every 130 negro children.³ In Colorado, the state in which the chief interest of the present article lies, first- and second-class districts pay on

* The present study will constitute one of a series in a forthcoming monograph entitled, *Studies in public school finance in the United States*.

¹ That the schools of Alabama for example are not free is shown by the fact that in an appreciable portion of the districts, revenue is derived from fees required of students and from the gifts of patrons. In the year 1916-1917, \$484,054 was derived from these sources. See *Alabama department of education annual report*, 1917, p. 133.

² *United States commissioner of education report*, 1917, 2:45, 48, 50, 55.

³ *Alabama department of education annual report*, 1917, pp. 23-26.

the average from two to four times as high a rate of school tax as do third-class districts.⁴

At no time in the history of our republic has there been a wider realization that education is not, but must be, universalized and democratized; and that such democratization involves at least two processes: (1) reorganization of our course of study, educational institutions and systems, including political school units; and (2) the distribution of vastly increased expenditures for schools in accordance with scientific methods.

THE EDUCATIONAL SITUATION IN COLORADO

Colorado ranked (in the year 1918) nineteenth in the Union with respect to total valuation, eleventh in annual school expenditure per capita of average attendance, twelfth in average annual salary of teachers, and tenth in percent of children of school age enrolled in school. As one of the last states to be admitted into the Union,⁵ she had the opportunity of profiting by the experience of the older states. The sixteenth and thirty-sixth section lands granted her upon admission to the Union for the use of the common schools totaled approximately 3,712,307 acres,⁶ an area greater than that of the entire state of Connecticut. Whereas many of the states early disposed of their school lands, Colorado realized from the very beginning the folly of such a policy and today still retains the greater part of her school-land empire. Before entering upon a study of Colorado's system of common school support, it will be well to endeavor to gain some conception of her general educational situation. This can be most easily and quickly done by presenting tabularly certain significant data. Table I, which follows, attempts to show:

1. The conditions with which the school system has to deal.
2. The financial support given by the state to the efforts of the schools.
3. The results of the interaction of 1 and 2, as seen in enrollment, attendance, length of school year, illiteracy, and teachers' average wage.

Defects, attendance and enrollment.—Table I shows us that whereas in 1918 Colorado ranked eleventh in annual expenditure

⁴ SARGENT, C. G. *Rural and village schools of Colorado*, pp. 47, 63.

⁵ Admitted in 1876. Only ten states were admitted later, namely: (1) North Dakota, (2) South Dakota, (3) Montana, (4) Washington, (5) Idaho, (6) Wyoming, (7) Utah, (8) Oklahoma, (9) Arizona, (10) New Mexico.

⁶ *Colorado state land commissioners' report, 1917-1918*, p. 86.

TABLE I. FACTORS IN THE EDUCATIONAL SITUATION OF COLORADO IN 1918^a

A. CONDITIONS	Size of Item	Rank in Union(b)
I. TOTAL GROSS AREA(c).....sq.mi.	103,948	7
II. POPULATION		
1. Density(d) (1910), Popula'n per sq. mi.	7.7	40
2. Total(e) (U. S. Census estimate).....	1,014,581	32
3. Percent white(f) (1910).....	98.0	16
4. Percent negro(f) (1910).....	1.4	28.5
5. Percent foreign born white(f) (1910) ..	15.9	21
6. Percent rural(g) (1910).....	49.3	35
7. Percent urban(g) (1910).....	50.7	15
8. School population (est. 5-18 yrs.)(h)...	237,407.0	33
9. Percent of population over 10 years of age which is illiterate(i) (1910).....	3.7	17.5
III. ESTIMATED TRUE VALUE OF ALL PROPERTY OF STATE (1912)		
1. Total(j).....	\$2,386,923,583.0	19
2. Taxable(j).....	\$2,286,478,777.0	20
B. SUPPORT		
I. ANNUAL CURRENT EXPENDITURES FOR PUBLIC SCHOOLS		
1. Total(k).....	\$8,093,598.0	22
2. Per capita of average attendance(i)...	\$58.65	11
II. TOTAL EXPENDITURE FOR SCHOOLS ON EACH \$100 OF ESTIMATED TAXABLE WEALTH(j) (1912).....	\$0.285	23
III. PERCENT TOTAL LEVY FOR SCHOOLS IS OF TOTAL TAXATION FOR ALL PURPOSES(m) (1912).....	38.84	8
C. RESULTS		
I. NUMBER OF CHILDREN OF ALL AGES ENROLLED(n).....	200,763.0	32
II. PERCENT OF CHILDREN OF SCHOOL AGE (5-18 YEARS) ENROLLED(o).....	84.6	10
III. PERCENT OF CHILDREN ENROLLED IN DAILY ATTENDANCE(p).....	68.7	35
IV. AVERAGE LENGTH OF SCHOOL YEAR IN DAYS(q).....	168.0	23.5
V. AVERAGE ANNUAL SALARY OF ALL TEACHERS(r).....	\$749.0	12

^a All data are for 1917-1918 unless otherwise specified, and are taken from federal reports which, though far from accurate, are nevertheless the only source available for interstate comparisons and rankings. Dated items are latest available.

^b Computed from data on page referred to.

^c Thirteenth census of the United States, 1910. Abstract with supplement for Illinois, p. 28, table 9.

^d *Ibid.*, p. 29, table 11.

^e Statistics of state school systems, 1917-1918, p. 93, table 20.

^f Thirteenth census of the United States, 1910. Abstract with supplement for Illinois, p. 86, table 14.

^g *Ibid.*, p. 56, table 18.

^h School population estimated by the federal commissioner, on the basis of 5-18 years. The legal school age of Colorado is 6 to 21 years.

ⁱ Statistics of state school systems, 1917-1918, p. 95, table 22.

^j *Ibid.*, p. 153, table 60.

^k *Ibid.*, pp. 144-5, table 55.

^l *Ibid.*, pp. 148-9, table 57.

^m *Ibid.*, pp. 150-1, table 58.

ⁿ *Ibid.*, p. 99, table 25.

^o *Ibid.*, p. 94, table 21.

^p *Ibid.*, pp. 108-9, table 36, column 15.

^q *Ibid.*, pp. 108-9, table 36, column 11.

^r *Ibid.*, p. 114, table 39. Includes salaries of superintendents, supervisors, and principals.

per capita of average attendance, she ranked thirty-fifth with respect to the percent of children enrolled who were in daily attendance. As a result of a careful study of the 1,725 rural districts included within the state, Sargent discovered that an average of 22 percent did not enroll each year.⁷ Moreover, the average percent of the census enrolled varied all the way from 93 in Sedgwick County to 59 in Baca County, "while between the different districts within the same county the eight-year average varies from as low as 30 percent of the census to even more than 100 percent of the same."⁸ Conditions with respect to the average daily attendance are even more unsatisfactory. Sargent continues:

The average daily attendance of those who did enroll, and thus came under the influence of the school, makes a far worse showing. The county at the bottom of the list had an average daily attendance of but 51 percent of the enrollment for the eight-year period, while the one at the top of the table had an average of 77 percent. The eight-year average for the sixty counties and 1,725 third-class districts was but 61 percent of the enrollment. This means that on the average 39 children out of each 100 enrolled were out of school each day.⁹

It might seem that the explanation of the above incomplete enrollment and irregular attendance lies in the topography of the state, in its low density of population, or in the large percent (49.3) of its population which is rural. Such explanations are untenable in the light of Sargent's study. He writes, "The great majority of the school children in Colorado's rural schools live in districts and attend schools where there is a sufficient number of children to make very efficient schools." Again, in a concluding paragraph, Sargent states that the topography of the state is not a serious obstacle in the way of effective school systems:

The great majority of the country children in this state live under conditions that are favorable for good schools and if all these would consolidate where consolidation is easily possible and feasible, these localities would make much more progress in school improvement in a single year than they have from the time the districts were established up to the present time.

⁷ SARGENT, C. G. *Rural and village schools of Colorado*, p. 13.

⁸ This seemingly strange condition (i.e., enrolling more than 100 per cent of the school census) is made possible because of the fact that after February 10, the date the school census is taken, no further census record is made of children who move into the district. Consequently, if a sufficient number of children move into a district after February 10, and attend school, it is possible that the school enrollment will exceed the school census.

⁹ SARGENT, C. G. *Rural and village schools of Colorado*, condensed from p. 20, omissions not indicated.

Reserving for concluding paragraphs further discussion of educational inequalities, we may now turn to the questions in which our chief interest lies: (1) from what sources Colorado derives her moneys for public schools; (2) how these moneys are disbursed; (3) to what objects they may be lawfully applied; (4) the chief merits, defects, and desirable modifications of the present system of school support.

In order to compare conditions in Colorado with those in other states, it was necessary to select some year for which it was possible to secure data for a large number of commonwealths. At the time the present study was begun, the most recent comparative data available for all states were those for the years 1915-1916 contained in volume 2 of the 1917 report of the commissioner of education. The data presented by Monahan and Cook, which were of inestimable value but which could not be reproduced, were for 1915. For these as well as for a number of other reasons 1915 was the year selected for making comparisons. Shortly after the present study had been completed, not only were the 1918 data for all states made available by the Bureau of Education, but the 1919 education laws of Colorado were published. It seemed advisable, therefore, to revise the present account in order to present as far as possible conditions in 1918. In many cases, however, this was impossible, and in others the gain would have been too slight to warrant the work involved in such revision.

It may not be amiss to note at this point a few of the difficulties which have been encountered. The information given in the United States commissioner's reports is in many cases unreliable, as will be seen from the fact that the commissioner has for a number of years regularly reported certain Colorado school moneys as derived from "state tax or appropriations."¹⁰ The truth is that no moneys whatsoever are derived from a state school tax nor have moneys been derived, prior to the acceptance of the Smith-Hughes Act, from regular annual appropriations. The term, "general fund by apportionment," is used in Colorado reports to designate the total quota of current school revenue distributed to school districts. It is derived from state funds, county funds, and that portion of the national forest reserve fund which is used for schools. There is no way of ascertaining what share of the

¹⁰ *United States commissioner of education report*, 1917, 2:51.

moneys is derived from state and what share from county sources. No state record appears to be kept of the quota of the national forest reserve fund income devoted by counties to schools. The above difficulties are typical of the many which have been met. They explain the incompleteness of the present account at certain points.

School units in Colorado.—The state of Colorado is divided into 63 counties, which in turn are divided into first-, second-, and third-class school districts and three classes of high-school districts. In 1915 the total number of school districts was 2,019, as follows:

SCHOOL DISTRICTS		HIGH SCHOOLS	
First class.....	31	District.....	121
Second class.....	59	Union.....	29
Third class.....	1758	County.....	21
	<hr/>		<hr/>
	1848		171
Total.....			2019

The sources from which Colorado derives her moneys for common schools fall into four classes, namely: federal, state, county, and district.

FEDERAL AID

National forest reserve fund.—Chapter 192 of the Acts of Congress (May 23, 1908) provided that thereafter 25 percent of all moneys received from each forest reserve during any fiscal year, including the year ending June 30, 1908, was to be paid at the end thereof to the state or territory in which said reserve is situated, to be expended as the state or territorial legislature may prescribe for the benefit of the public schools and the public roads of the county or counties in which the forest reserve is situated.

The state of Colorado received from the national forest reserve fund, from leases of forest reserve lands and the sale of lumber, for the school year 1915-1916, \$63,995.00. This was distributed to 42 counties in which the reserves were situated and it was used by the counties for schools and roads, the amount for each purpose, above a minimum of 5 percent, being determined by the county commissioners.¹¹

¹¹ *Report of the Colorado school system*, p. 33. Monahan's table shows the amount received by each county. The total receipts for the biennium 1916-1918 (i.e., for the years 1917 and 1918) were \$165,698.75. The same was disbursed *in toto*. (*Colorado state treasurer's report, 1916-1918*, p. 8.) The average annual sum, therefore, was \$82,849.37½.

As already noted, no state record is available of the quotas of national forest reserve fund income devoted by the state to school or other objects of expenditure.

Federal fines.—The federal criminal code provides that all fines collected for injuring by fire the public domain, i.e., United States government lands, shall be paid into the public school fund of the county in which the lands are situated. These fines, though collected in the county and turned into the county school fund, are levied under the federal law for infringement upon federal property. They must, therefore, be regarded as federal moneys devoted to common schools.¹²

Smith-Hughes grant.—The Smith-Hughes bill, providing federal aid to the states for vocational education, was accepted by Colorado by an act approved April 10, 1917. Many standards and conditions must be met in order to receive such federal aid. The one requirement which bears directly upon the subject of school finance is that the states must match dollar for dollar the federal grant.

The Colorado legislature of 1919 provided for a permanent annual appropriation of \$10,000 for administering and supervising the Smith-Hughes work and appropriated the following sums for the years indicated to match the federal grants:¹³ 1919, \$27,560; 1920, \$31,950; 1921, \$36,340; 1922, \$40,730; 1923, \$45,120; 1924, \$53,900; 1925, and annually thereafter, \$62,680.

Table II shows the total (federal and state) moneys spent on vocational education, and the unexpended balance of Smith-Hughes moneys:

TABLE II. SMITH-HUGHES FUND FOR VOCATIONAL EDUCATION, 1917-1918^a

Federal moneys expended for:	
Vocational agriculture.....	\$ 3,737.50
Trade, industry, and home economics.....	3,333.34
Teacher training.....	4,000.00
Total federal grants.....	11,070.84
Moneys appropriated by state.....	11,070.84
Total expended for vocational education.....	22,141.68
Smith-Hughes federal moneys unexpended.....	3,929.16(b)

^a Second annual report of the federal board for vocational education, pp. 110-12.

^b Computed from figures given in *ibid.*

¹² Federal criminal code, secs. 52-54. Colorado school laws, annotated, 1917, p. 99, secs. 168, 169; p. 100, sec. 170.

¹³ Colorado educational laws, 1919, pp. 37, 38.

STATE AID

The public school fund.—Colorado levies no state tax for common schools and prior to the acceptance of the Smith-Hughes grant had pursued no policy of providing either general or special appropriations.¹⁴ The United States commissioner's report erroneously states that in the year 1914–1915, Colorado received for the common schools \$1,953,008 derived from "state tax or appropriations."¹⁵ This sum was in reality the "general fund by apportionment" as reported for the year 1914.¹⁶ The only educational tax levied in Colorado is a state tax of two-fifths of one mill levied for the support of the state university. The sole state source, prior to 1917, aside from the proceeds of certain state fines from which common school revenues were derived, was the permanent common school fund, officially known as the public school fund.¹⁷

The following statement shows the condition of the public school fund (cents omitted) as reported on November 30, 1916.

Invested cash, principal.....	\$3,777,154	
Certificates of purchase (representing deferred payments and drawing 6% and 7% interest).	3,498,925	\$7,276,079
3,037,358 acres unsold school land, estimated value.	45,560,367	
Estimated value of 250 acres of mineral land.	50,000,000	95,560,367
		<hr/>
		\$102,836,446 ¹⁸

Value of unsold school land.—Any valuation assigned to the three million acres of unsold school land belonging to the public school fund is to be regarded as entirely hypothetical. Three and

¹⁴ In addition to the moneys required to match the Smith-Hughes grant, the legislature of 1919 appropriated \$4,000 for a child welfare bureau and \$200,000 as a state educational loan fund for disabled sailors and soldiers (*Colorado educational laws*, 1919, p. 18, sec. 5; p. 32, sec. 3). Although these may be regarded as educational appropriations, neither is for common schools. The \$150,000 "appropriated" for equalizing teachers' salaries, as explained below (p. 752), is not in any real sense an appropriation but rather a transfer from the income of the public school fund.

¹⁵ *United States commissioner of education report*, 1917, 2:51.

¹⁶ *Twenty-first biennial report of the state superintendent of public instruction*, 1916, p. 39.

¹⁷ Constitution, art. ix, sec. 5. Several other titles are used in official reports and in the laws, e.g., permanent school fund, state school fund, public school land permanent fund. It is unnecessary to state that the correct title is that provided by the constitution. For an account of the origin of this fund, see F. H. Swift's, *A history of public permanent common school fund in the United States, 1795–1905*, chapters 3 and 13.

¹⁸ *Colorado state land commissioners' report*, 1915–1916, pp. 3–4. This is the only statement I have found anywhere which includes certificates of purchase.

a half dollars per acre is the minimum price fixed by law.¹⁹ This minimum has had apparently very little influence upon the actual sale price. The average sale price from 1907 to 1914 inclusive was approximately \$10.50 per acre. During the biennium 1915-1916, the average price per acre was \$11.15 and during 1917-1918, \$14.37. The \$45,000,000 valuation stated above refers to the surface valuation only. To this it is necessary to add a considerable sum to represent the prospective returns from mineral products existing in school lands. In 1916 the state land register's office wrote: "The state has nearly 3,300,000 acres of land left, worth some \$350,000,000; approximately 500,000 acres being underlaid with coal, which is estimated by the superintendent of the mineral division to be worth \$200 per acre, or \$100,000,000 making an estate to be handled reasonably worth \$125,000,000."²⁰

Sources of increase.—The following sources are provided for increasing the principal of the public school fund:²¹ (1) the proceeds from all common school lands granted to the state by the federal government for educational purposes; (2) all estates that escheat to the state; (3) all other grants; (4) gifts; (5) devises made to the state for educational purposes; (6) all rentals and royalties received by the state as rentals and royalties from stone, coal, oil, gas, gold, silver or other mineral lands belonging to the public school fund; (7) fines imposed upon county officers for neglect of land act duties. It is scarcely necessary to state that

TABLE III. PUBLIC SCHOOL FUND LAND SALES, 1907-1914^a

Biennial Term(b)	Acreage Sold	Total Purchase Price	Average Price per Acre
1907-1908	60,356.25	\$ 521,627.04	\$ 8.31
1909-1910	287,340.63	3,331,591.59	11.59
1911-1912	79,639.33	826,268.17	10.38
1913-1914	91,215.57	762,375.80	7.35
Total	518,551.78	\$5,441,862.60	\$10.50 (avg.)

^a All data in this table are taken from the *Colorado state land commissioners' report*, 1913-14, p. 5.
^b As already noted, many of the Colorado reports give biennial but not annual data.

¹⁹ *Colorado state land laws*, 1914, p. 49, sec. 133; *ibid.*, 1917, p. 9, sec. 16.

²⁰ *Colorado state land commissioners' report*, 1913-14, p. 5; 1915-16, p. 3; 1917-18, p. 3.

²¹ Constitution, art. IX, sec. 5; *Colorado school laws, annotated*, 1917, p. 105, sec. 183; p. 106, sec. 187; *Colorado session laws*, 1914, p. 46; *Colorado land laws*, 1914, p. 62, sec. 162; p. 46, sec. 127.

the largest increment of the public school fund has been derived from the proceeds of the sale of school lands. Table III shows the acreage of the school lands sold 1907-1914 inclusive, the net proceeds, and the average price per acre.

The moneys thus far added to the public school fund from the proceeds of escheats appear to be negligible. The only record I have found of any additions from this source is \$7,888.56, added during the biennium ending December 1, 1914.²² The proceeds of unclaimed estates are set aside and kept as a separate account known as the escheats fund. The moneys belonging to this fund are held by the state for 21 years awaiting possible claimants. At the end of the 21 years the estate may escheat to the state, and the proceeds be added to the public school fund.

Growth of public school fund.—The proceeds of fines (from \$5 to \$500) imposed upon county officers for neglecting to perform any duty required by the provisions of the State Land Act are added to the permanent public school fund.

Table IV shows the biennial growth of the principal and income from 1903 to 1918 inclusive and the average annual increase of the latter.

TABLE IV. GROWTH OF PUBLIC SCHOOL FUND, 1903-1918^a

Biennium	Balance in Treasury at Opening of Biennium ^(b)	Amount Added During Biennium ^(c)	Average Annual Increase (Computed)
1903-1904	\$1,254,716.73	\$ 129,612.84	\$ 64,806.42
1905-1906	1,384,329.57	48,729.67	24,364.83
1907-1908	1,433,059.24	168,847.93	84,423.96
1909-1910	1,601,907.17	446,385.43	223,197.71
1911-1912	2,048,292.60	579,120.59	289,197.71
1913-1914	2,627,413.19	431,106.37	215,553.18
1915-1916	3,058,519.56	718,634.62	359,317.31
1917-1918	3,777,154.18	1,171,338.05	586,669.02

^a All data taken from reports of Colorado state treasurer for biennium referred to.

^b Certificates of purchase apparently not included.

^c Does not include total receipts as small sums were disbursed. See reports of the Colorado state treasurer as here cited.

Management of public school fund.—The management of the public school fund is divided between the state board of land commissioners and the state treasurer. The state board of land commissioners is composed of a president, a register, and an

²² Colorado state treasurer's report, 1913-1914, p. 5.

engineer²³ whose salaries are fixed by law at \$3,000 per annum. The state treasurer is the custodian of the fund. To protect public moneys against misuse or manipulation for the sake of private gain, the laws declare making profits on the same to be a public felony.²⁴ All interest on the purchase money and all money derived from rents and leases for the occupation and use of the surface of school lands are paid by the register to the state treasurer, who credits the same to the income of the public school fund. This current fund is known as the public school land income fund.

Investment losses.—Colorado, like many other states, has experienced great difficulty in finding proper securities in which to invest school funds. The aim of those framing the laws and prescribing legal securities seems to have been to guarantee that bonds and warrants issued by the state might be sure of a purchaser, namely, the public school fund. Prior to 1919, neither the bonds of the United States nor the bonds of other states were included in Colorado's list of lawful investments for school fund moneys.²⁵ Large funds pouring into the state treasury, subject to investment, and an extremely limited range of securities in which such funds could be lawfully invested, could have but one result, namely, large sums on hand for which no lawful investments could be secured. Various laws have been passed designed to remedy this situation.

In 1905 a law was passed known as the State Land Loan Act, one purpose of which was to extend the range of the lawful investments of state funds. Section 37 provided that all state funds raised from the sale or rent of state lands, unless otherwise disposed of by law, shall be invested: (1) in bonds of the state of Colorado; (2) in interest-bearing warrants of the state of Colorado; (3) in irrigation district bonds; (4) in 6 percent loans of \$1,000 or less, or if possible, of \$500 or less, on unincumbered real estate for a period of from one to five years.²⁶

This law accomplished little. Moreover, the constitutionality of the investments in real estate loans was seriously questioned. In 1916, by a referendum vote of the people, a bill known as the

²³ *Colorado state land laws*, 1914, p. 41, sec. 115; p. 57, sec. 151; *Colorado school laws, annotated*, 1917, p. 105, sec. 182; Constitution, art. ix, sec. 3.

²⁴ Constitution, art. x, sec. 13; *Colorado school laws, annotated*, 1917, p. 105, sec. 184.

²⁵ In 1918 the state invested \$100,000 in Liberty Loan Bonds. See below, page 659.

²⁶ *Colorado session laws*, 1905, p. 334–35, chap. 134, sec. 37; *Colorado revised statutes*, 1908, pp. 1223–24, sec. 5198; *Colorado state land laws*, 1914, p. 57, sec. 151.

Farm Land Loan Bill was passed. This bill provided that, "All school funds of the state, whether permanent or income, unless otherwise disposed of by law, shall be invested as directed by the state board of land commissioners" in the following securities:²⁷ (1) interest-bearing warrants of the state of Colorado; (2) bonds of the state of Colorado; (3) farm loans; (4) Colorado school district bonds; (5) Colorado county, city, or town bonds approved by the attorney general and the state board of land commissioners. The investment of public school funds in farm mortgages was subsequently declared unconstitutional.

As a result of the failure to provide proper and sufficient securities for the investment of state funds and the consequent large sums remaining uninvested from year to year, the educational fund in Colorado has been deprived annually of large portions of the revenue which it should have earned. Not only is this true, but the harmony which should exist between the state treasurer (the custodian of the fund) and board of land commissioners, for the best handling of the fund could not be maintained. The land commissioners continued to urge that the funds be invested in accordance with the provisions of the State Land Loan Act passed in 1905, while the state treasurers, in defiance of the land commissioners' authority, who are empowered by law to direct the investment of these funds, successively refused to invest the funds in securities other than state warrants and state bonds. Such refusal resulted in a large uninvested surplus. This, in defiance of the state land commissioners, if not of the law, was deposited in various banks scattered throughout the state.

The auditor reports that between January, 1901 and 1911 the income of the fund was deprived of \$24,408.90 by shortages in the state treasury. From the following statement of investment of the public school fund,²⁸ it will be seen that in 1916 one-fourth of the principal of the fund was deposited in banks:

State Warrants.....	\$ 433,919.24
Insurrection Bonds, 1909.....	659,544.05
Funding Bonds, 1910.....	1,696,263.08
Insurrection Bonds, 1914.....	438,700.00
Deposited in Banks.....	1,149,627.81
Total.....	\$4,378,054.18

²⁷ *Colorado state land commissioners' report, 1915-1916*, pp. 7-11.

²⁸ *Colorado state treasurer's report, 1915-1916*, p. 8.

Such a condition emphasized the necessity of providing new avenues of investment. In 1917-1918 the Farm Land Loan Act was put into operation, and in 1919 the legislature passed an act providing for the investment of moneys belonging to the public school investment funds in United States bonds.²⁹ The following statement shows the investments in 1918:³⁰

U. S. (Liberty Loan) Bonds.....	\$ 100,000.00
State Bonds.....	2,721,047.00
State Warrants.....	412,561.13
County and Municipal Bonds.....	869,367.88
School District Bonds.....	363,050.50
Farm Loans.....	66,300.00
Cash on hand Nov. 30, 1918.....	416,165.72
Total.....	<u>\$4,948,492.23</u>

State fines, general school fund.—The proceeds of penalties for at least two classes of state offenses covered into the state treasury are added to the general school fund of the state:³¹ (1) fines (\$25 to \$300) for violations of the provisions of mining laws or the rules of the state commissioner of mines; (2) "forfeiture for failure to publish and distribute official state reports required by law to the members of the legislature on the date fixed by law."

COUNTY AID

Colorado possesses no local public permanent common school funds, either county or district. The terms, "general school fund" and "county school fund," are employed in the laws to denote the sum total of school moneys received into the county treasury. This includes six classes of current funds: (1) quotas from the national forest reserve fund (42 counties); (2) quotas from the income of the public school fund; (3) moneys derived from the general county school tax; (4) special taxes for county high schools and for district high schools located at the county seat; (5) proceeds of the sales of lost articles and estrays; (6) proceeds of fines. Preceding paragraphs have shown that of the above six classes of funds (1) and (2) are federal and state funds respectively. The only relation which the county has to them is that it serves as an agency for disbursing them to the

²⁹ *Colorado educational laws*, 1919, p. 10.

³⁰ *Colorado state land commissioners' report*, 1917-1918, p. 16.

³¹ *Colorado revised statutes*, 1908, p. 1078, sec. 4305; p. 1136, sec. 4710; p. 1226, sec. 5209; *Colorado state land laws*, 1914, p. 67, sec. 162.

districts. Our present discussion, therefore, will be confined to the last four of the six classes of funds just named.

General county school tax.—The laws of Colorado require that all taxable property be listed, valued, and assessed at its full cash value. Each county is required to levy annually a general county school tax of not less than ten mills. In Colorado the county is a school unit only in a subordinate sense. The purpose of the county general school tax is to furnish money for the districts—sufficient to enable each to maintain a public school six months in each year.³² The amount of money needed to maintain the schools the minimum term must be determined and certified in advance by the county superintendent to the board of county commissioners, whose duty it is to levy the general county school tax. In making the estimate, the county superintendent shall use as a basis the sum of sixty dollars per month for each teacher employed in third-class districts and seventy-five dollars per month for each teacher employed in first- and second-class districts. Districts whose school population, as shown by the school census preceding the time of making the levy, was less than fifteen shall not be included in the estimate. The money raised by general county school tax shall be used for teachers' wages only. All other expenses³³ of the school districts must be provided for by a special district tax.

County high-school four-mill tax.—In addition to the general county school tax, a special high-school county tax, not to exceed four mills, may be levied to furnish current support for a county high school. There are three classes of high schools in Colorado: (1) district high schools; (2) county high schools; (3) union high schools.³⁴

District high schools may be maintained in any first- or second-class, but not in a third-class (rural) district. District high schools are supported (a) by their quotas from the general fund and (b) by a special district tax. County high schools, unless

³² *Colorado educational laws*, 1919, pp. 34–35, sec. 1. Prior to 1919 the maximum tax had been five mills and the minimum school year four months. See *Colorado school laws, annotated*, 1917, pp. 161–62, 168.

³³ This statement taken directly from the laws is, of course, inaccurate, as many expenses are provided by state funds.

³⁴ *Colorado school laws, annotated*, 1917, p. 142, sec. 281, note. This note defines the different kinds of public schools in Colorado, and summarizes their sources of revenue. The data in the present section, unless otherwise indicated, are taken from this note.

otherwise voted by a majority of the electors of the entire county, are established at the county seat. They are free to all children within the county. They are supported (a) by their quotas from the general fund and (b) by a special county high-school tax not to exceed four mills upon all taxable property within the county. Union high schools are high schools maintained for a district formed by the union of two or more districts. Union high-school districts are of three kinds: (1) districts "composed of two or more contiguous districts, not including a county seat or an incorporated city or town in a fourth- or fifth-class county"; (2) districts composed of districts contiguous to and including an incorporated city or town in fourth- or fifth-class counties; (3) districts in which the county seat is all included in one district.

Our interest in union high-school districts is limited to those of the above third class, as they alone are supported (a) by their quotas from the general fund and (b) by a levy of not less than one nor more than four mills on all taxable property of the county. In 1919 a law was passed whereby any consolidated school district maintaining an accredited high school and any school district organized into a union high-school district and maintaining therein an accredited high school may, by a majority vote of its electors, be exempt from payment of county high-school taxes.³⁵

County high-school bonds and bond tax.—Counties maintaining county high schools and which are, therefore, in themselves high-school districts are empowered to issue bonds for the purpose of raising money to erect and furnish high-school buildings, to purchase grounds, or to fund floating debts, provided that: "in no case shall the aggregate amount of bonded indebtedness of any high-school district for high-school purposes exceed two percent of the assessed value of the property of such high-school district."³⁶ The county commissioners are required to levy and assess a special tax on all taxable property of such county-high-school districts sufficient: (1) to pay the interests on such bonds; (2) to provide for the redemption of the same at maturity.³⁷

Estrays, fines, and forfeitures.—"All funds arising from the sale of lost goods and estrays shall be paid . . . to the county treasurer of the county in which the same have accrued, and shall

³⁵ *Colorado educational laws*, 1919, p. 34.

³⁶ *Ibid.*, p. 19, sec. 40.

³⁷ *Ibid.*, pp. 20-21, sec. 42.

be by him credited to the general county school fund."³⁸ The proceeds of not less than 21 classes of county fines and forfeitures are devoted to the general county school fund by law.³⁹

DISTRICT AID

Importance of the school district.—It is no exaggeration to say that in Colorado the school district is the determiner of the school situation. The district board not only has charge of the school property and employs the teachers, but it adopts the course of study, selects the textbooks, and fixes the length of the school term above the minimum required by law.⁴⁰ In matters of school finance the district is equally important and supreme. Its economic importance is shown by the fact that by far the largest quota of school revenue comes from the special district school tax—in 1914–1915, 71 percent.⁴¹ Furthermore, all school revenues, federal, state, and county, are brought into one fund, the general fund by apportionment, and then turned over to the districts to be used by them for any lawful object in any proportion the district determines, provided only that a school be maintained the minimum school year and that every teacher employed be paid at least the minimum wage per month.

District sources of school moneys.—The common school moneys furnished by the district are derived from the following sources:⁴²

1. District school taxes (a) "special school tax" required⁴³ of all districts (limit in third-class districts, 20 mills);⁴⁴ (b) special district school bond tax;⁴⁵ (c) special district high-school tax;⁴⁶ (d) teachers' retirement fund tax (in first-class districts only) not to exceed one-fifth of one mill⁴⁷

³⁸ *Colorado school laws, annotated*, 1917, p. 110, sec. 201. For details compare *Colorado revised statutes*, 1900, p. 1479, sec. 6369; p. 1606, sec. 6895.

³⁹ It has been necessary to omit a table compiled from an exhaustive study of the revised statutes, presenting these 21 offenses and the corresponding penalties.

⁴⁰ *Colorado school laws, annotated*, 1917, pp. 68–71, sec. 134.

⁴¹ *Report of the Colorado school system*, p. 34. Table VI shows that according to the data given in the state superintendent's report only 53.6 percent was derived from special district tax.

⁴² It must be borne in mind that we are dealing here with the sources which the districts provide, not with all the sources from which they receive funds. This explains why no mention is made in the present section of the public school emergency fund, or the minimum wage for teachers fund. These funds are, as will appear later merely quotas of the income of the public school fund. They will be discussed in connection with the topic "Disbursement of the public school fund."

⁴³ *Colorado school laws, annotated*, 1917, p. 162, sec. 331.

⁴⁴ *Ibid.*, p. 165, sec. 336.

⁴⁵ *Ibid.*, p. 9, sec. 14; pp. 11–12, secs. 21, 23.

⁴⁶ *Ibid.*, p. 142, sec. 281, note.

⁴⁷ *Colorado educational laws*, 1919, p. 33, sec. 4.

2. District bonds⁴⁵3. Fines⁴⁸

Special school tax and uses.—"Special school tax" is the term definitely provided by law to designate the tax levied by all school districts.⁴⁹ This tax is required of all districts. "If any school district shall fail to certify a special tax for other expenses (than teachers' wages) necessary to maintain a public school each year . . . the county commissioners shall cause the same to be levied."⁵⁰

As already noted, the county is required to furnish by a county school tax not to exceed ten mills sufficient funds to enable each school district within the county to maintain a school six months and pay each teacher not less than the minimum wage. It has also been noted that the moneys received by general county school tax must be used for teachers' wages only. It is necessary for districts satisfied with maintaining only minimum standards to raise by taxation moneys additional to those derived from the county and the state. Districts are permitted to devote the proceeds of not more than ten mills of the special tax levy to these purposes.⁵¹

Items of school expenditure which the district is expected to finance by its special school tax are shown in the following schedule.

Items of expenditure to be met in part or *in toto* by special school tax:⁵²

1. All districts: (1) teachers' wages (only in part as already noted); (2) public library books; (3) purchase of school lots (upon vote of district), school houses, erection, removal, repair, rent, and insurance; (4) furniture and equipment; (5) free textbooks for indigent children (or for all upon a majority vote); (6) tuition of pupils attending school in another district; (7) transportation of pupils; (8) pupils' board if transportation is unfeasible.

2. First-class districts only: (1) playgrounds; (2) schools (continuation, part time, evening, vocational, opportunity, for aliens, open air); (3) special subjects: instruction in and teachers

⁴⁸ *Colorado revised statutes*, 1908, p. 270, sec. 440; p. 292, sec. 535.

⁴⁹ *Colorado school laws, annotated*, 1917, p. 165, sec. 336.

⁵⁰ *Ibid.*, p. 162, sec. 331.

⁵¹ *Colorado educational laws*, 1919, pp. 34-35, sec. 1. Minimum salaries per month: \$60 in third-class districts, \$75 in first- and second-class districts.

⁵² *Colorado school laws, annotated*, 1917, pp. 68-71, sec. 134; p. 165, sec. 336; *Colorado educational laws*, 1919, pp. 36-37.

of such subjects as drawing, music, manual training, home economics (including care of children); industrial subjects; vocational subjects; subjects for the training of such special teachers, normal training subjects.

The amount to be raised by the district or special school tax is determined in third-class districts by the vote of the qualified electors;⁵³ in first- and second-class districts by school boards.⁵⁴ The procedure involved in levying district taxes is similar to that involved in levying the county school tax. The district determines in advance the amount of money necessary to be raised by special school tax for the ensuing year, such levy in third-class districts not to exceed twenty mills. Thereupon the district school board certifies to the board of county commissioners the aggregate amount to be raised by special school tax in a statement showing: "the items composing said aggregate and the purpose to which it is intended to devote each sum so itemized. It shall thereupon be the duty of the county commissioners to levy, at the same time that the other taxes are levied, such rate, within the limits allowed by the law, as will produce the aggregate amount so certified."⁵⁵

District bonds and bond taxes.—For the sake of raising moneys for erecting and furnishing school buildings or purchasing grounds, or for funding floating debts, districts are empowered to issue bonds, provided that the amount of bonded indebtedness of any first- or second-class district shall not exceed 5 percent or of any third class, 3.5 per cent of the assessed value of the property in such district for the year next preceding the date of said bonds. The interest and principal of such school bonds shall be paid by a tax levied and assessed by the county commissioners on the taxable property of the district.⁵⁶

District high-school tax.—Union high schools, in districts "organized from districts contiguous to and including an incorporated city or town in fourth- and fifth-class counties" are supported in part by their quota from the general fund by apportionment

⁵³ *Colorado school laws, annotated*, 1917, p. 96, sec. 164.

⁵⁴ *Ibid.*, p. 61, sec. 120. "In districts of the first and second class the boards, after organization, shall exercise all the powers given to the electors of school districts of the third class."

⁵⁵ *Ibid.*, p. 165, sec. 336.

⁵⁶ *Ibid.*, p. 9, secs. 14-15; pp. 12-13, sec. 23; *Colorado educational laws*, 1919, p. 10.

and in part by a special high-school tax of "not less than one nor more than three mills on all taxable property therein."⁵⁷

Teachers' retirement fund tax.—"In every school district of the first class there may be created a school teachers' retirement fund, which shall be controlled by the board of school directors of the school district concerned."⁵⁸ "The moneys for the use of the public school teachers' retirement fund shall be secured by a special levy upon the said school district, such special levy, however, not to exceed one-fifth of one mill, and from any gifts or bequests which may be made to the said fund."⁵⁹

Fines.—Although the proceeds of all fines, federal, state, and county, are eventually apportioned among the districts, only two of the many fines consigned to schools may be regarded as district fines: (1) fines of five to twenty dollars imposed upon a parent or guardian who fails to require a child of compulsory school age to attend school;⁶⁰ (2) fines for violations of laws governing the construction of public buildings (transferred to the public school fund of the county, city, or incorporated town in which the misdemeanor is committed). These fines were listed with the sources of county aid. They must be included also among district sources, since cities and incorporated towns are organized as school districts.⁶¹

The following three tables show the sources from which all school moneys are derived in Colorado, the increase of school revenue in 1915 over that of 1905, and the relative importance of the state, the county, and the district as sources of school revenues.

The relative importance of state, county, and district revenues may be inferred from the fact that in the year 1914-1915, 7 percent of the total school revenue was derived from state sources, 22 percent from county sources, and 71 percent from local sources.⁶²

In 1915 eleven counties derived from 1 to 5 percent of their total revenue from state sources, one county derived a similar

⁵⁷ *Colorado school laws, annotated*, 1917, p. 142, sec. 281, note.

⁵⁸ *Ibid.*, p. 170, sec. 341.

⁵⁹ *Colorado educational laws*, 1919, p. 33, sec. 4.

⁶⁰ *Colorado revised statutes*, 1908, p. 292, sec. 535; eight to fourteen years is the compulsory school age under ordinary conditions. For an explanation, see the section here referred to in the revised statutes.

⁶¹ *Ibid.*, p. 270, sec. 440.

⁶² *Report of the Colorado school system*, pp. 34, 36.

TABLE V. SOURCES OF COLORADO COMMON-SCHOOL REVENUES, 1919

CLASSES OF SOURCES	FEDERAL	STATE	COUNTY	DISTRICT
Permanent funds and lands	National forest reserve fund	Public School fund	None	None
Appropriations	Smith-Hughes grants	\$10,000 annually to administer S-H work; appropriations to match S-H grants	None	None
Fines and forfeitures	Fire fines	Mining; state report publishing	For twenty-one different offenses	Truancy fines; building fines
Bonds	None	None	County high school ^(a)	District bonds ^a
School tax	None	None	2.5 mills general county school tax; four-mill high-school tax; special bond tax	Special school tax, bond tax; high-school tax; teachers' retirement fund tax

^a For raising moneys for erecting and furnishing school buildings, for purchasing grounds, or for funding floating debts.

TABLE VI. COLORADO SCHOOL REVENUES IN 1905 AND 1915^a

	1905	1915	
		Amount	Percent from Source Named
Amount on hand July 1 held by county and district treasurers.....	\$ 889,070.59	\$1,064,008.55	11+
From general fund by apportionment ^(b)	1,095,487.32	2,061,977.28 ^(c)	21+
From special (district) tax	2,804,960.60	5,080,195.41	53.6
From all other sources...	478,938.04	1,264,308.01	13+
Total receipts.....	\$5,268,456.55	\$9,470,489.25 ^(d)	

^a Colorado state superintendent of public instruction reports, 1905-6, p. 256; 1915-1916, p. 41. Percent computed.

^b General fund by apportionment includes moneys paid to districts derived from (1) national forest reserve fund; (2) state funds; (3) county funds.

^c In 1914-1915, \$598,607 derived from public school fund (*United States commissioner of education report*, 1917, 2:51) and \$1,570,493 from county taxation (*Report of the Colorado school system*, p. 34). The total of these two sums, \$2,169,100.00, is greater than that reported for the entire general fund by apportionment by the superintendent of public instruction.

^d The revenue for 1915-1916 as given in the *United States commissioner of education report* for 1917, volume II, is identical with that given in the *Report of the state superintendent of public instruction*, 1916, for the year ending June 30, 1915. If one subtracts (in latter report) the balance on hand, \$1,064,008.55, from the total, \$9,470,489.25, the total revenue is the same as the United States commissioner of education reports, that is, \$8,406,480.70. Adding the items given in the commissioner's report as income from the permanent funds and state tax, one gets \$2,061,977, the same as the state superintendent reports for general fund. Adding in state report the items on special tax and all sources one gets \$6,344,503.42, same as commissioner's item for local tax.

percent of its total revenue from county sources, and seventeen counties derived from 81 to 85 percent from district sources. Table VII presents these data for the entire state.

TABLE VII. PERCENT OF TOTAL SCHOOL SUPPORT DERIVED
BY COUNTIES FROM STATE, COUNTY, AND DISTRICT
REVENUES, 1914-1915^a

PERCENT	NUMBER OF COUNTIES DERIVING INDICATED PERCENT OF SUPPORT FROM			PERCENT	NUMBER OF COUNTIES DERIVING INDICATED PERCENT OF SUPPORT FROM		
	State Fund	County Fund	District Fund		State Fund	County Fund	District Fund
1-5	11	1	.....	46-50	.....	1	0
6-10	46	12	.....	51-55	.....	.....	2
11-15	4	16	.....	56-60	.....	.....	1
16-20	2	16	.....	61-65	.....	.....	1
21-25	.....	9	.....	66-70	.....	.....	13
26-30	.....	4	.....	71-75	.....	.....	13
31-35	.....	1	.....	76-80	.....	.....	13
36-40	.....	1	.....	81-85	.....	.....	17
41-45	.....	2	1	86-90	.....	.....	2

^a Computed from data given in *Report of the Colorado school system*, p. 35.

(To be concluded in November)