

dealers refuse to perform the background checks for private individuals, private individuals could effectively be shut out of the gun show market. If not, the additional volume of requests for background checks will cost the state more money than it spends now, or make obtaining transfer approvals more difficult for gun sellers at both gun shows and retail outlets.

AMENDMENT 23
FUNDING FOR PUBLIC SCHOOLS

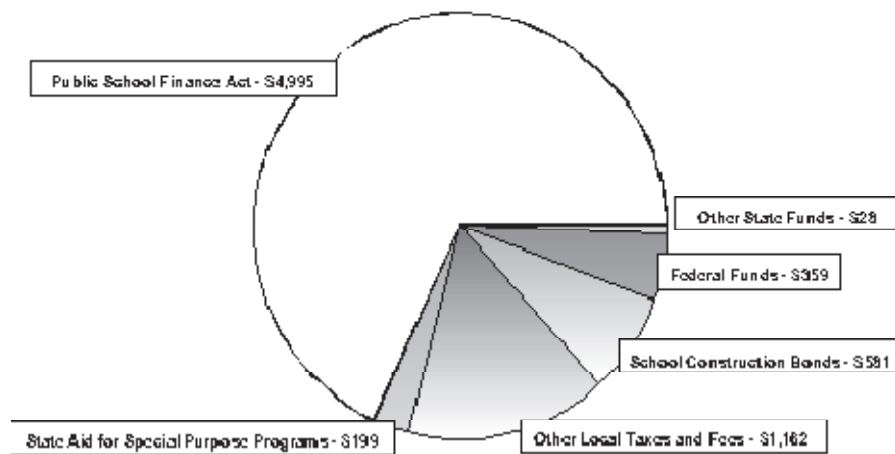
The proposed amendment to the Colorado Constitution:

- ◆ increases per pupil funding for public schools and total state funding for special purpose education programs by at least the rate of inflation plus one percentage point for the next ten years and by at least the rate of inflation thereafter;
- ◆ sets aside a portion of the state's income tax revenue to establish the State Education Fund and exempts this money from state and school district revenue and spending limits, thereby decreasing tax refunds when excess revenue exists;
- ◆ allows money from the State Education Fund to be used to meet the funding requirements of the proposal; and
- ◆ requires state aid under the school finance act to increase by at least five percent annually.

Background and Provisions of the Proposal

Financing public school education. Colorado public schools receive funding from a variety of sources. Last year, public schools received an estimated \$5.0 billion, for an average of \$7,323 per pupil. This proposal changes funding received by schools under the state school finance act and for special purpose programs. As indicated in Graph 1, about 70 percent of the total money received by schools was allocated through these two funding mechanisms. Under current law, the legislature determines any increase or decrease in funding provided through these two mechanisms. Under this proposal, the state constitution sets a minimum increase in funding.

Graph 1: Average Per Pupil Funding by Funding Source
Budget Year 2000 Estimate - \$7,323 Average Per Pupil



School finance act. Under the school finance act, every school district starts with the same per pupil funding amount called the "base." The base is then adjusted in each school district for special district characteristics such as the number of students and the local community's cost of living. This proposal requires a minimum increase in the base equal to the rate of inflation plus one percentage point for the next ten years, and inflation thereafter. This year, the base in the school finance act is \$4,002, which results in an average per pupil funding of \$5,175. Under the proposal, if inflation is 3.7 percent in each of the next ten years, the base will increase by at least 58 percent to \$6,335, for an average per pupil funding level of \$8,192.

Per pupil funding under the school finance act is paid for from state and local taxes. On average, 57 percent comes from the state and 43 percent from local taxes. The proposal requires the amount provided by the state to increase by at least five percent annually for the next ten years, unless Colorado personal income grows less than four and one-half percent between the two previous calendar years. The state aid that would be affected by this proposal is \$1.98 billion. With five percent annual growth rate, the state aid in ten years must be at least \$3.22 billion.

Special purpose programs. The state currently spends \$140.5 million on special purpose programs which provide funding for transportation; English education for non-English-speaking students; expelled, suspended, and at-risk students; special education, including

gifted and talented students; vocational education; small attendance centers; and comprehensive health education. This proposal requires a minimum increase in total funding for these and any other special purpose programs designated by the state legislature. The increase must be equal to the rate of inflation plus one percentage point for the next ten years, and inflation thereafter. If inflation is 3.7 percent in each of the next ten years, the \$140.5 million will increase by at least 58 percent to \$222 million.

State Education Fund. The proposal creates the State Education Fund and requires that the revenue from a tax of one-third of one percent of Colorado's taxable income be deposited in the fund every year. Given the current income tax rate of 4.33 percent, one-third of one percent is 7.2 percent of the total state income tax collected. State officials estimate revenue to the fund will total \$313 million in 2001, growing to \$638 million in 2010, and increasing each year thereafter. The total for the first ten years is estimated to be \$4.58 billion.

The state legislature can use money in the fund to pay for the increase in this proposal in the base under the school finance act, as long as it is in addition to the five percent increase in state aid. The fund may also be used for the required increase in special purpose programs and for educational reforms: class size reduction, technology education, student safety programs, performance incentives for teachers, and public school building capital construction.

Excess state revenues. The state constitution limits most annual growth in state revenue to inflation and the annual percentage change in state population. Revenue above this limit must be refunded to taxpayers unless the voters allow the state to keep and spend it. Under current economic projections, moneys deposited in the State Education Fund under this proposal will reduce excess state revenues by \$313 million in the first year and \$4.58 billion over the first ten years. This money would otherwise be refunded to taxpayers. The proposal would reduce the average tax refund by approximately \$1,133 per taxpayer or \$2,266 for a married couple in the first year. The total ten-year impact would be approximately \$1,500 per taxpayer or \$3,000 for a married couple.

Arguments For

1) The proposal increases funding to public schools, which has been eroding since the late 1980s. This erosion has had a negative effect on per pupil funding, teacher salaries, and class sizes. When adjusted for inflation, school districts received less money per pupil in 1999 than they did 11 years ago. According to the federal government,

Colorado's per pupil revenue for education is below the national average and has dropped from 11th to 32nd over the last 17 years. The average teacher salary in Colorado has dropped below the national average, which could impact the state's ability to attract and retain the best teachers. Colorado has the eighth highest teacher-to-student ratio in the country. If Coloradans were spending the same proportion of their personal income on education today as they did ten years ago, the state's public schools would have more than \$1 billion in additional revenues.

2) Funding for public schools may continue to fall behind due to constitutional spending limits placed on the legislature. The state's recent economic prosperity has resulted in a projected state surplus of \$941 million for the current year, and \$5.13 billion over the next five years. Under current law this money cannot be spent by the legislature on education. The best way to infuse the school system with the necessary level of funding is for voters to approve this proposal, which earmarks a portion of state revenue for public education without increasing tax rates.

3) An increased investment in education is necessary for Colorado students to be competitive in a global environment. The classrooms of the 21st century will change dramatically from classrooms of the 20th century. Increasing the technical skills, functional literacy rates, and computer literacy rates of Colorado's students is fundamental for their success in the 21st century work world.

Arguments Against

1) This proposal is similar to a tax increase because it allows the state to keep more tax money. It reduces the tax refund by \$113 per Colorado taxpayer or \$226 for a married couple for the first year. The total ten-year impact would be approximately \$1,500 per taxpayer or \$3,000 for a married couple. For the first ten years this measure would divert \$4.58 billion from the taxpayers to the State Education Fund. The state's revenue surplus exists because the state has collected more revenue than the constitution allows. This proposal does not ensure the additional money will be used on textbooks, computers, additional teachers, teacher salaries, reducing class size, or any other items that will directly benefit a student's education. In addition, increased education funding will not guarantee increased student achievement.

2) Government institutions must learn to function efficiently and within their means. The voters of Colorado passed a constitutional spending limit in 1992 to minimize government expansion. Since the passage of the constitutional limit, funding under the school finance act has still managed to increase by \$1.17 billion, or 49 percent. Colorado

ranks above the national average in administrative spending for public education. In budget year 2000, it is estimated the school finance act alone provided an average of \$4,995 per pupil and other sources contributed an additional \$2,328 per pupil. Within the limits of the law, the school districts can ask local voters to increase property taxes, without having to further amend the constitution.

3) Allocating money through the constitution reduces the state legislature's flexibility to respond to changing state needs because the constitution can only be modified by voter approval. This proposal requires a five percent annual increase in state aid for schools regardless of economic recession, inflation, or declining student enrollment. It obligates state taxpayers to fund the five percent annual increase in state aid, competing with other state general fund commitments under current funding restrictions. In addition, the proposal could shift control of local school districts from locally-elected school boards to the state because the state will control a larger share of the money.

AMENDMENT 24
VOTER APPROVAL OF GROWTH

The proposed amendment to the Colorado Constitution:

- ◆ requires voter approval of maps, called "growth area maps," that identify areas for future development in counties, cities, and towns of a certain population;
- ◆ requires affected local governments to designate areas called "committed areas," in which development may occur without voter approval because the areas meet certain qualifications;
- ◆ requires affected counties, cities, and towns to provide information to voters about the impacts of proposed growth; and
- ◆ exempts local governments below a certain population, and some types of development, from its requirements.

Background and Provisions of the Proposal

Current regulation of development. Colorado law gives counties, cities, and towns broad authority over the development of land. Counties regulate development in areas of the county outside of city limits, while cities and towns regulate development within their boundaries. To develop land, builders and property owners must