

Nuts and Bolts Pre-CASE Conference

January 31, 2018

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Executive Director

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Topics for today:

- State Revenue and Federal Changes
- Superintendents' School Finance Bill –
 - What does it mean for my district?
- 2018 Revenue – status – how to get involved
 - Most local statewide campaign ever to be tried

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Goals of the Day

- Answer questions that are helpful in understanding the Superintendents' Modernized School Finance Bill
- Answer questions on the ballot initiative and what you may need for your communities to be engaged

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December 20th Forecast

- Colorado's economy remains strong
- Additional revenue this year
 - Many hands are out for those dollars
- Federal Tax changes = more dollars to the General Fund – once again raising concerns of TABOR Refunds sooner than anticipated
- Concerns again of RAR dropping to 6.1 in 2019-20.

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Mill Levies

- Many discussions going on around mill levies at the Capitol:
 - Local Share
 - Overrides
 - Statewide mill
 - Equalization

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Superintendents' Plan

- Representative Dave Young prime sponsor
- What were the primary goals:
 - Create a student-centric formula
 - Balancing Adequacy and Equity
 - Recognizing economies of scale and district needs
 - NOT IMPLEMENTED WITHOUT ADDITIONAL REVENUE

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Other Differences

- Counting of students:
 - All kindergarten students are 1 FTE if in full day program or ½ FTE if in half day program
 - Poverty factor – replaces at-risk factor – student's in poverty are all that meet criteria of free and reduced lunch
 - ELL students are in the formula and are funded through weights adjusted for need and for smallest districts also by size – NEP are in categoricals.

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Differences – cont.

- Special Education students are in the formula (Tier A and B) and are funded through weights adjusted for need and for smallest districts also by size. High cost special education are in categoricals.
- Gifted education students are in the formula and are funded through weights adjusted for need and for smallest districts also by size

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Differences – cont.

- Size Adjustment is similar to current methodology
- 5-year averaging remains the same
- Current policy of 95% of minimum funding – floor funding – remains the same.
- COL is capped of being 5% of the factors

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Differences - cont.

- Personnel factor remains the same
- Categoricals include
 - Personnel High cost pool special education
 - NEP students in ELL
 - Transportation
 - CTE

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Differences – cont.

- Supplemental Process remains same for adjustments mid-year
- October count remains the same
- On-line calculated at .95 FTE (No factor adjustments)
- Extended High School (No factor adjustments)

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Differences – cont.

- 1994 Hold Harmless remains the same
- New Hold Harmless for 7 districts to ensure that they are made “whole” – new funding is not less than current funding before budget stabilization factor.

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**What is currently funded to Adams 12 Five
Star Schools School District under 1994 SFA:**

\$ 329,020,412

What should be funded under 1994 SFA:

\$ 362,279,001

**What would be funded under the
Modernized School Finance Formula:**

\$ 380,703,683

(includes categorical funding for ELL, GT and Special Needs)

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What Next?

- When the bill is scheduled to be heard need people to come in support and to testify on behalf of why it helps your district
- Your voice is important
- Let your legislators know how important this is for your community

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Where's the Revenue?

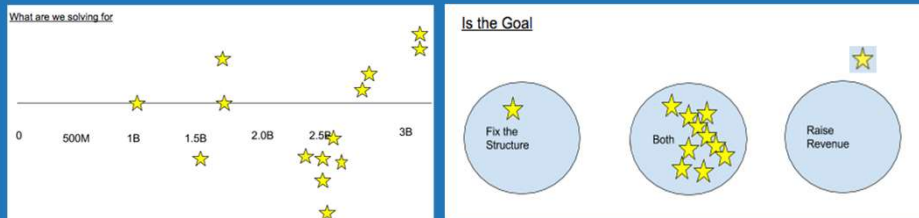
- 2018 Background
- List of participant's
- Goals of the conversation
- The process for filling
- How to get title
- What does getting title mean?

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Goals

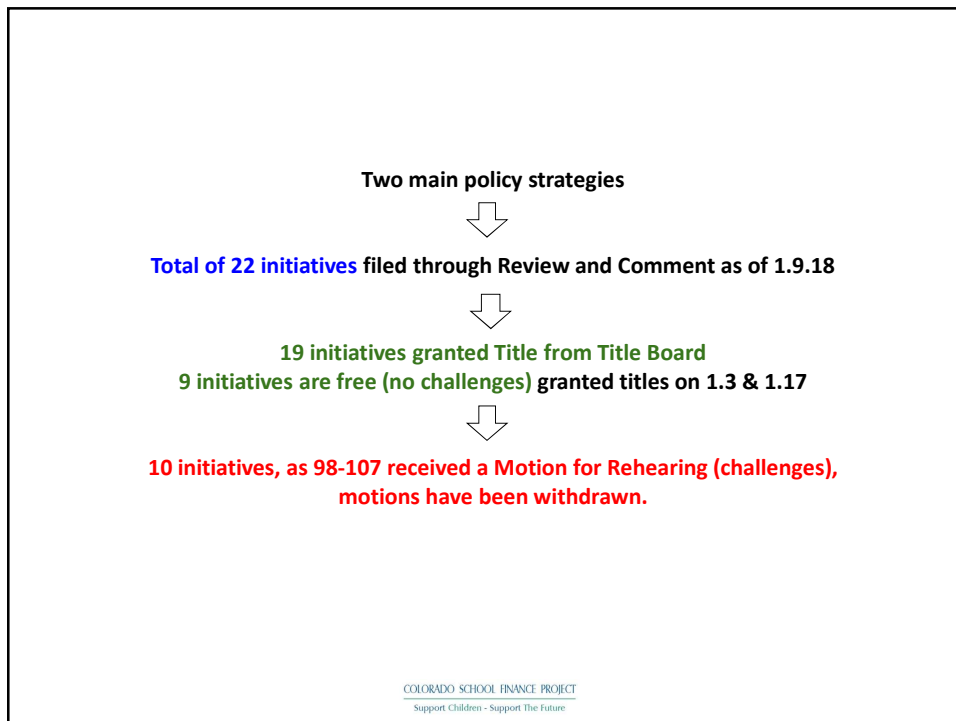
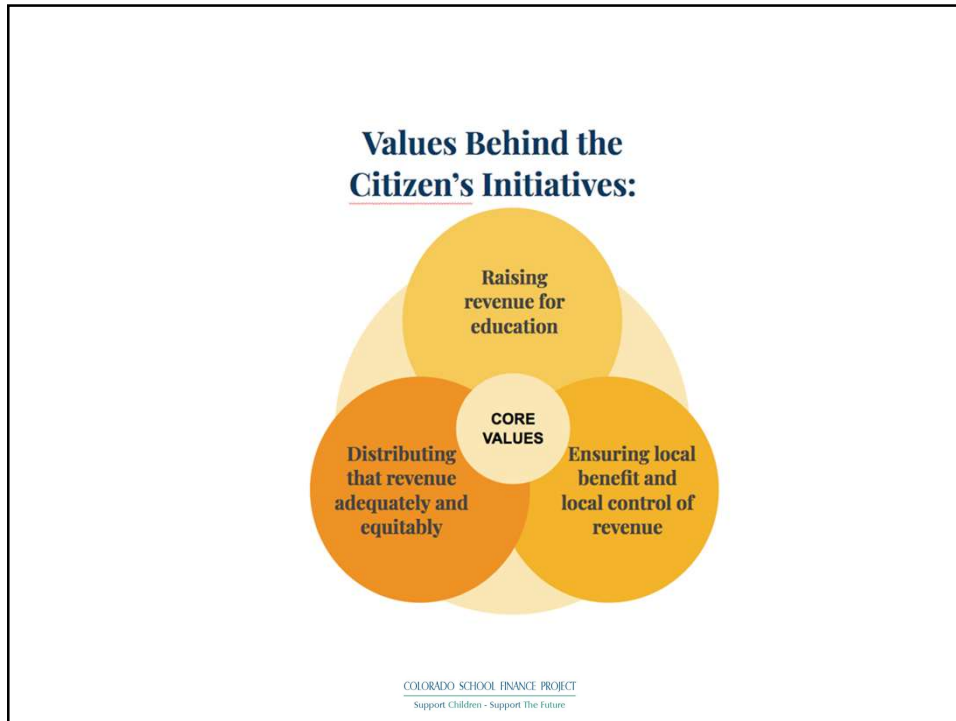


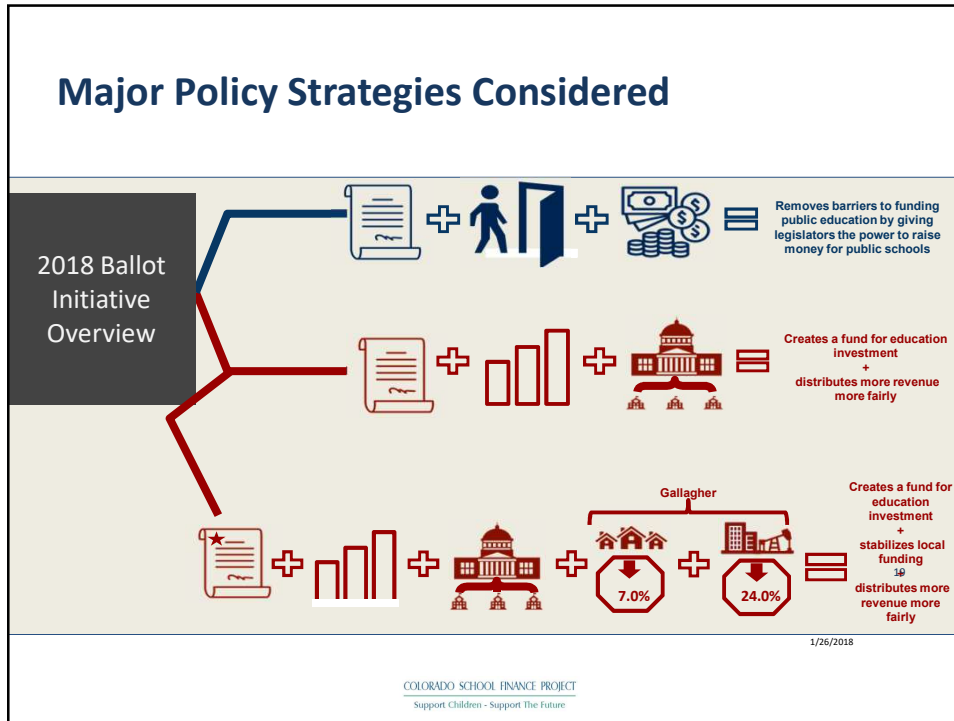
Note: The Negative Factor is **\$830 million**.
\$2.5 billion is approximately the national average.

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Initiative #93: Great Schools, Thriving Communities

Component 1: Amends the Constitutional prohibition on graduated taxes

Component 2: Enacts higher tax rates on higher incomes

Component 3: Distributes more revenue more fairly

Component 4: Lowers RAR (Education Funding Only) 7.0%

Component 5: Lowers Non-RAR (Education Funding Only) 24.0%

\$1.6 Billion in additional support for public schools

Taxable Income Bracket	Increment	Marginal Rate	Filers Impacted	Avg Tax Increase
\$0-150,000	0	4.63%	None	No Change
\$150,001 - 200,000	0.37%	5.00%	73,156	\$81
\$200,001 - 300,000	1.00%	6.00%	56,536	\$729
\$300,001 - 500,000	1.00%	7.00%	31,900	\$3,456
>\$500,001	1.25%	8.25%	24,070	\$42,528
Corporate	1.37%	6%	N/A	N/A

Path to Victory: 2% of registered voters in all senate districts + filling in the gap in signatures anywhere across the state to get 98,492 signatures + 55% of the vote.

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Funds those expanded opportunities through tax increments on taxable income above \$150,000 and on corporations

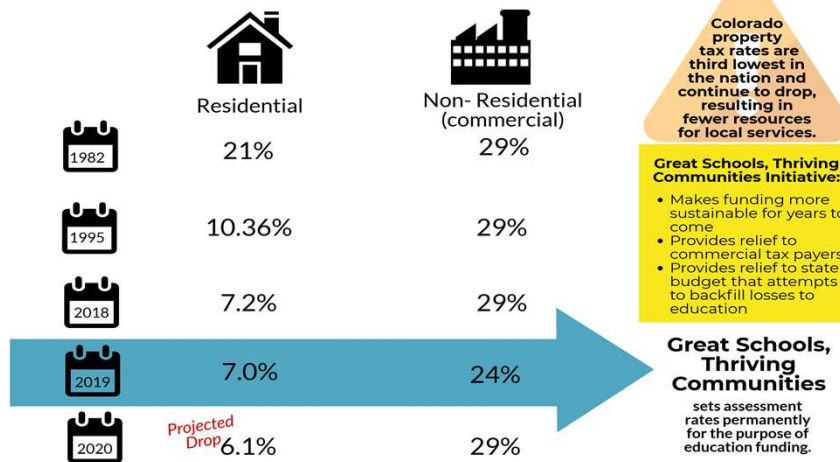
Federal Taxable Income



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Provides sustainable support for schools as it stabilizes the volatile local share of education funding

All property tax revenues remain at the local level and go to pay for schools, roads, fire protection, police and other local services.



Why address corporate tax?

***C-corps** ONLY are taxed in these brackets
(not **S-corps**, also known as “pass-through” businesses,
which includes many small businesses)

Colorado is among the 27 states that use a flat rate
system.

Colorado is the 3rd lowest corporate income tax rate
nationally at 4.63%

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Ensures that decisions about how to use those new funds are made at the local level

Unless and until the legislature creates a more equitable School
Finance Formula:

- Increase base funding for all students
- Full-Day K and increase in ECE funding
- Expand “at-risk” to include free and reduced lunch kids
- Approximately doubles the amount of funds from state to
districts for:
 - English Language Learners
 - Special Education
 - Gifted & Talented



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Great Schools, Thriving Communities

Builds on the successes of Colorado's public schools by expanding educational opportunities for our students to prepare them for success in college, career and life.

1. Funds those expanded opportunities through tax increments on taxable income above \$150,000 and on corporations
2. Ensures that decisions about how to use those new funds are made at the local level
3. Provides sustainable support for schools as it stabilizes the volatile local share of education funding

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Questions ?

- Today
- Later –
contact me



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