CSFP Advisory Committee: West Slope

April 11, 2019

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Colorado School Finance Project

Who are we?
What do we do?

- Non-profit, non-partisan
- Supported by school district contributions
- School finance analysis for local and state policy makers since 1995

Mission: To compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers.
What is being talked about at the Capitol?

- Full-day Kindergarten
- Interim Committee: School Finance
- Mill Levy Stabilization
- De-brucing
- Gallagher – RAR
- Rural $
- School Finance
- BEST
- Economy – slow down
- Equity

State Funding for Full-day Kindergarten

HB19-1262
- Will fund every full-time student in kindergarten at 1 FTE
- Half-time students will be .58
- If the number of students attending exceeds the $185 million will true up during supplemental process
- Does not mandate kindergarten
SB19-094
- Will extend the work from the previous two years to a third year
- Will have some new members
- Will keep equal number of republicans and democrats
- Members may hire outside consultants - work begins by July 2019

BEST
- HB -1055
  - Increases the maximum total amount of BEST annual lease payments
    - to $105 million for state fiscal year 2019-20 and
    - to $110 million for state fiscal year 2020-21 and each state fiscal year thereafter
  - Currently looking to add a component to address capital dollars for kindergarten - 1 time allocation
Mill Levy Stabilization

No bill this year
- Draft was floated about 3 weeks ago that contemplated 27 mills – 2 mills every two years – additional revenue would go back to school districts by reducing the B/S factor

Unanswered questions:
- Is there a minimum amount the state will guarantee?
- What if a district can’t raise local mills?
- What are ramifications of a district using override dollars to meet obligation?
- What is the overall tax policy goal? Is it to get back to a 50/50 split?
Mill Levy Stabilization continued

Other ideas
- Two tiers?
- Power Equalize?
- Power equalize ....

De-brucing

Two measures being referred – Bi-partisan support:
- **HB19-1257**: Authorizes the legislature to refer a measure to the public in Nov 2019 to keep revenue the state receives above the current TABOR cap.
- **HB19-1258**: Splits revenue by 1/3 each to K-12 education, higher ed and transportation.
Gallagher and RAR change

- Gallagher 2018 Interim Committee recommended a repeal and replacement – appears more discussion for 2020 - potential for ballot.
- RAR – Will it change? Estimate ranges have been wide range but have shrunk.

School Finance and Rural dollars

*Bill No. ??*
- What will it include?
- Discussion of including more $ for rural, mental health and special education.
- None of these additional dollar requests have been allocated in the long bill.
Equity Discussions

Equity discussions:
- Wealth - Tax Payer
- Need – Student characteristics
- Size of school district
- Regional

Meeker:
Need – Pritchett, Del Norte, McClave, Kiowa
Regional – Moffat, Rangley, Garfield
16, Garfield RE2
Size – Wray, Center, Dolores, Burlington
Wealth – Gilpin, Telluride, DeBeque, Prairie
Mesa 51

*Need* – Weld RE3, Las Animas, Adams 12, Florence

*Regional* – DeBeque, Plateau Valley, Delta, West End

*Size* – Brighton (27J), Pueblo 60, Greeley, Falcon 49

*Wealth* – Cheyenne Mountain, Ft. Morgan, Delta, Montrose

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Power equalization helps to resolve the tax inequities that impair school districts from raising local revenue because of assessed valuation differences.

Creates a tax system that provides more capacity for less wealthy school districts.

Recognizes that a zip code should not predetermine the resources a student has access to.

Power equalization requires local community participation to access additional state contribution.

The state contribution must be for a specified time so that concerns of sustainability are addressed.
• It does this by ensuring that communities can raise the same amount of dollars per mill per pupil as some set wealth point.

• For this example, the set wealth level will be the 75th percentile of wealth ($271,022 per pupil) and districts will be levying 5 additional mills.

• The table and graph show the impact on a very low wealth district (10th percentile), the average wealth district (50th percentile), the target wealth district (75th percentile), and a high wealth district (90th percentile).

• Districts below the target wealth level receive state equalization money to ensure capacity to the 75th percentile. Districts at or above the target wealth receive no state support.

• The example shows that the three districts at or below the target wealth generate the same amount per pupil with those below the target receiving state dollars. Districts above the target will still be able to generate amounts above other districts.
### Power Equalization Example

Assuming 50th Percentile Wealth of $135,595 per FPC and Equalization to 75th Percentile of Wealth of $271,022, Assuming 5 Mills Raised

<table>
<thead>
<tr>
<th>Percentile Wealth</th>
<th>Local Raised per Pupil</th>
<th>Power Equalized per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>10th Percentile Wealth</td>
<td>$272</td>
<td>$1,083</td>
</tr>
<tr>
<td>50th Percentile Wealth</td>
<td>$678</td>
<td>$677</td>
</tr>
<tr>
<td>75th Percentile Wealth</td>
<td>$1,355</td>
<td></td>
</tr>
<tr>
<td>90th Percentile Wealth</td>
<td>$2,550</td>
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**Power Equalization to 75th Percentile**

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Economy - Forecast - Slow down

- March Revenue Forecasts two different scenarios
- Concerns of ongoing revenue and impact on K-12 – specifically kindergarten
- Timing and how much impact on Colorado is unsure
- General caution

Questions Now? Questions Later – contact us

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