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# Colorado lawmakers are trying again to unravel a complicated school finance knot

BY ERICA MELTZER - 2 DAYS AGO



PHOTO: Aaron Ontiveroz/The Denver Post

Jefferson County educators Joel Zigman and Elizabeth Hall march during a rally for more educational funding at the Colorado State Capitol in April 2018.

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For a third year, 10 Colorado lawmakers have convened to try to find a fairer and more effective way to fund the state's schools.

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Nearly everyone agrees that Colorado's 25-year-old school finance formula is outdated and inefficient — and there are plenty of ideas about how we could do better — but the issues are so complicated and contentious that two previous years of special committee meetings ended with no real progress.

If the bipartisan [Legislative Interim Committee on School Finance](#) is successful, its members will propose legislation this fall, before the start of the 2020 session, to change how Colorado distributes money to schools — and perhaps how Colorado taxpayers pay for public schools.

Whether Colorado needs to spend more on public education — and if so, where should it come from? — represents an elephant in the room and is the source of deep philosophical disagreements between Democrats and Republicans on the committee.

“At the end of the day, if we are unwilling to have that hard conversation about revenue and the underlying factors that are driving this, we are not solving the problem,” said state Sen. Rachel Zenzinger, an Arvada Democrat.

Colorado funds its schools below the national average — by roughly \$2,800 per student [according to an Ed Week analysis](#) that takes into account regional cost differences. More than 100 school districts are operating on four-day weeks, and each year state lawmakers hold back hundreds of millions that should flow to schools to pay for other budget priorities.

The billions that do flow to schools are distributed in wildly unequal ways that mean well-off districts sometimes get more state help than poorer ones. Redistributing resources without adding more money to the system inevitably means some districts will get less from the state than they do now.

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But state Sen. Paul Lundeen, a Monument Republican and the vice chair of the committee, sees the revenue question as secondary. Colorado voters have consistently [rejected tax increases for K-12 education](#). Regardless of the amount, money should be spent in a way that reflects student needs, he said. Whether districts get more or less should not be a major concern.

"Let's have a conversation that we can have," he said. "Let's spend the money we do have in a more efficient way that gets us a better result."

These types of disagreements ultimately made it hard for the school finance committee to reach consensus for the first two years of its mission. Lawmakers [agreed to extend the work of the committee](#) for another year to see if they could make more progress. They're convening in a new political environment, with Democrats controlling both chambers of the Colorado General Assembly and the governor's office, but with many of the same fiscal constraints and voter skepticism that faced their predecessors.

State Rep. Julie McCluskie, the committee's chair and a Dillon Democrat, said she is committed to addressing both the formula and revenue.

"You can't separate them," she said. "They're two sides of the same coin."

But she's starting with a focus on the formula, where she sees broad agreement that money should be distributed in a way that reflects student need and that "supports

student success in the classroom.”

Here are some of the challenges that the school finance committee will be taking on:

## **Colorado’s school funding formula has some major unintended consequences.**

The school finance formula, established in 1994, starts with a base amount of money that districts get for each student. Then a variety of weights and factors are applied, giving districts more money if, for example, they have a higher cost of living or if they have more at-risk students. The goal was to create a more equitable funding system that recognizes that not all districts are the same.

While Colorado expects to spend an average of \$8,476 per student next school year, the amount that districts get will range from a low of \$7,995 per student to a high of \$18,715.

But because the cost of living is often higher in districts that have more property wealth and higher incomes, the formula often directs more money to districts where students are relatively well-off. And “at-risk” students, defined as those who qualify for free lunch under federal guidelines and those who are learning English, are only counted once, meaning districts get the same amount of money to educate an English language learner who is living in poverty as one who is not.

And while school districts do get additional money — outside the formula — for students with disabilities and those learning English, these amounts have not kept pace with the growth in English language learners or with the costs of educating students with disabilities.

The committee plans to start by looking at five district and student factors — cost of living, district size, disability status, poverty, and English language learners — and discussing how those should be treated in the formula.

## **Changing the formula without new revenue will create winners and losers.**

No school district in Colorado thinks it has too much money to spend on students, but any change to the existing formula means some districts will get less state money than they do now even as others get more. District leaders have been adamant that any change to the formula **must come with more revenue** so that no one has to take a cut.

That presents a political and policy challenge for any new ideas that come out of the committee.

## **Local funding for public education also varies enormously.**

Once per-pupil funding is set by the formula, some of that money comes from local property taxes, and the state makes up the rest. Past lawmakers wanted to compensate for the differences between districts with high and low property tax bases.

But over time, the intersection of various constitutional amendments has driven down property taxes in some districts but not in others. That means that some districts are paying a much larger share of their own educational costs than are others, often with little regard for which districts have the means to pay more.

There's a [proposal to fix this](#) by setting the state share for K-12 based on the assumption that property tax rates are similar around the state and letting districts ask voters to raise rates where necessary. Doing this could free up as much as \$450 million a year at the state level — money that could go to education or to other needs like transportation.

Some members of the school finance committee want to include this idea in their discussion. It's one of the few mechanisms that could bring in a lot more money for education without requiring a statewide vote. But others are more cautious. It's a complicated and potentially contentious proposal, and some, including Lundeen, see it as an issue of taxpayer equity that doesn't have a direct relationship to school funding.

Further exacerbating inequality among districts, voters in some districts have approved special property taxes known as mill levy overrides that collectively raise an additional \$1.3 billion annually for those schools. More conservative districts and those with lower property tax bases often struggle to pass these taxes.

## **Legislators don't fully control whether new revenue will be available for K-12 education.**

Colorado's Taxpayer's Bill of Rights requires that voters approve any new tax. It also prevents the state from keeping all the revenue generated by a strong economy. If existing taxes generate too much money, the state has to return some of it to

taxpayers. And while advocates believe Colorado schools are underfunded, lots of other services and infrastructure needs are also [jostling for scarce state dollars](#).

Lawmakers could take up the uniform mill levy proposal, but even if successful, implementation would likely take years. Just last year, voters rejected the [most recent request to raise taxes for education](#). A ballot measure before Colorado voters this fall would allow the state to keep all revenue generated by existing taxes, with a [third going to K-12 education](#), but the amounts are likely to be relatively modest — and voters may not agree.

So even if the committee agrees new revenue is necessary, finding it is another matter.

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