

What Now with School Finance?

CASE WINTER CONFERENCE

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COLORADO SCHOOL FINANCE PROJECT

Support Children - Support The Future

Colorado School Finance Project

Non-profit, non-partisan- Supported by school district contributions- School finance analysis for local and state policy makers since 1995- Governed by a board comprised of national and state experts on school finance

Our Mission: *To compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers.*

Goals of Presentation

- What does modernizing school finance mean?
- What could this mean for you and your district?
- Is it new dollars being added or rearranging dollars?
- Does your district benefit? How is impact measured? Are there costs to your district for the changes?

Review the past

Current act was 1994 – with the goals of ensuring students had access to schools.

Differentiated for student and district variances

Addressed Tax Payer Equity with goal of 50/50 split between state and local and every district levying 40 mills

They were clear with their goals!

Legislative action since 1994 - 2018

- 4 interim committees to study school finance
- Froze the mills in 2008 – followed by MESA County ruling
- Budget Stabilization Factor/Negative Factor 2010 – followed by Dwyer lawsuit
- 2018 – legislation and citizen's initiative for new act and more dollars

Legislative action 2020- today

- 2020 implemented legislation regarding local share correction and tax credits
- 2021 – interrogatory from Supreme Court and implementation began to increase local share
- Interim Committee hired Urban Institute to provide analysis and information to change “at-risk” definition
- Added .08 ELL factor into the formula – also a categorical

Modernizing?

- It depends who you ask?
- Is it changing the entire formula or piecemeal approach?
- Are they changing definitions that are broadening or narrowing ?
- Is their new revenue or rearranging or one time dollars?
- Other states approach?

Interim Committee proposed legislation

- Increased dollars for special education – Tier A increase funding to \$1750 per student and \$40 million more for Tier B with inflationary increases beginning 2024
- At-risk definition changes – create a working committee for a year to figure out how to include socio economics factors using US census data at school level, direct cert, Medicaid data

Interim
Committee
proposed
legislation –
contd.

- Public Land Trust investment changes
- Mill Levy Override Match – power equalization for districts that have low AV and low income and determining a matching amount from the state with a goal of reaching 25% of total program funding. State needs to ensure ongoing revenue to meet obligation. (appears to be postponed)

Other topics of discussion in the legislature

- Budget Stabilization Factor
- How to count kids – averaging – at-risk
- TABOR Surplus – \$5.5 billion over the course of forecast period
- Increasing local share – with changes to Gallagher – how much and when

Legislation and ballot box 2022

- Numerous ideas with TABOR refunds
- Divert an additional .33% of income tax into the state Ed Fund – generating about \$821 million more dollars.
- This is being pursued as legislation and as a citizen's initiative
- Need 50% + 1 –
- Would still have TABOR refunds after this diversion

What is not being discussed

- What is the cost of the education system that Colorado aspires to?
- Aligning education system to revenue needed and plan for implementation
- What are the cost drivers for school districts that need to be reflected in any of the changes?
- Cost of doing business, district size or remoteness
- What are pros and cons of formula funding versus categorical funding

Questions & Stay Connected

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