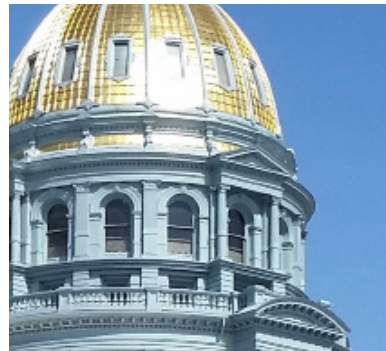


2019

Report to the Colorado General Assembly



Interim Committee on School Finance



Prepared by Legislative Council Staff

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Legislative Interim Committee on School Finance

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Representative Julie McCluskie, Chair
Senator Paul Lundeen, Vice-Chair

Representative Mark Baisley	Senator Jeff Bridges
Representative Shannon Bird	Senator Jerry Sonnenberg
Representative Tim Geitner	Senator Nancy Todd
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April, 2020

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This report is also available online at:

<http://leg.colorado.gov/committees/legislative-interim-committee-school-finance/2019-regular-session>

Committee Charge

Pursuant to Section 2-2-1901, C.R.S., the Legislative Interim Committee on School Finance was created to study issues related to school funding and to consider alternative school finance funding formulas during the 2017, 2018, and 2019 interims. The committee was authorized to meet up to five times each interim. Specific issues on which the committee was required to study and report include:

- the costs and benefits of the requirements imposed on school districts and public schools by state and federal laws;
- the total amount of federal, state, and local funding available for public education in each school district, in aggregate, and per pupil;
- the relative value of and return on resource investment across the time frame of a student's education career;
- alternative methods for identifying at-risk students;
- allocation methods for per pupil, student-based school funding;
- allocation methods for district attribute-based school funding;
- replacing direct funding of categorical programs with a per pupil, eligibility- based allocation;
- transportation funding strategies;
- alternative methods for determining enrollment;
- school district organization;
- property taxation, equalized mill levies, calculating assessed values of property, and other local resources of education funding; and
- capital construction needs.

These topics were primarily discussed during the 2018 and 2019 interims. Enacting legislation allowed the committee to hire a contractor to assist in gathering and analyzing school finance data.

Prior Activities of the Interim Committee on School Finance

Background. The Interim Committee on School Finance was created by House Bill 17-1340 and met five times during the 2017 interim, and convened four times and held two workshops during the 2018 interim. At the end of the 2018 interim, the committee recommended legislation (Senate Bill 19-094) to continue the committee through the 2019 interim. Additional information on topics discussed by the committee can be found in the final committee report here: <https://leg.colorado.gov/node/1478076>.

FourPoint Education Partners. In September, 2017, the committee hired FourPoint Education Partners as the vendor to support the committee's work. FourPoint facilitated discussions at committee meetings covering a wide range of topics, compiled and conveyed data related to required discussion topics, and provided the committee with principles and values to consider in a school funding formula. In August, 2018, the committee ended its contract with FourPoint.

EdBuild. In September, 2018, the committee enlisted EdBuild to build and host a simulation model of the state’s current school finance model. Resources provided by EdBuild in conjunction with the model can be found at the links below.

Additional resources. Materials provided to the committee by FourPoint, EdBuild, and other presenters are available online, and upon request:

- 2018 Interim - <http://leg.colorado.gov/node/1221146/>
- 2017 Interim- <http://leg.colorado.gov/node/1101621/>

Committee Activities

The committee held six meetings during the 2019 interim. Briefings and presentations were made by Legislative Council Staff, Joint Budget Committee Staff, the Office of Legislative Legal Services, the committee’s vendor EdBuild, representatives from school districts, and the public on a wide range of subjects with the intent of developing and considering a new allocation model for school funding to replace the current law School Finance Act of 1994. The committee considered school funding models relative to:

- economically disadvantaged students;
- district cost of living;
- district diseconomies of scale;
- categorical programs;
- rural school districts;
- English language learners; and
- special education and gifted and talented students.

Contractor

In July 2019, the committee hired EdBuild as the vendor to support the committee’s work. EdBuild provided policy briefs on the components of the school finance formula, led discussions, and built a simulation tool of the current school finance model. The simulation tool allows legislators to adjust weights and alternatives for the formula components and see the impact of those changes on individual district funding and overall state funding. EdBuild continued to modify the tool based on feedback and policy options considered by committee members throughout the interim.

Presentations on School Finance Formula Funding

The committee heard multiple presentations on and discussed the components of the school finance formula and categorical programs currently in statute.

Overview of school finance formula and revenue sources. The committee heard presentations from the Office of Legislative Legal Services and Joint Budget Committee staff on the current formula and revenue sources. Leanne Emm, an independent expert in Colorado school finance, provided context and answered questions.

Cost of living, size, and at-risk factors. Representatives of EdBuild and the Colorado School Finance Project, and Michael Griffith, an education consultant, provided the committee with an in-depth discussion of the current cost of living and size factors, and the impact on districts of different costs of living and economies of scale. The panel also discussed funding for at-risk students. EdBuild provided a policy memo on options for modifying each of the components. The committee also heard presentations from Douglas County School District, Aurora Public Schools, and the Gunnison Watershed School District on the local perspective on the three factors.

Categorical program funding. Representatives of EdBuild and the Colorado School Finance Project, and Michael Griffith, an education consultant, provided the committee with an in-depth discussion of categorical funding, including special education, English language learning, among other factors. The committee heard a presentation from Dr. Marguerite Roza on the national approach to categorical funding, and from representatives from the Sheridan School District, Windsor School District, and the East Central BOCES on the local perspective on categorical funding.

Related Presentations

Mill levy equalization. The committee heard a presentation from Representative Daneya Esgar and Senator Bob Rankin, both members of the Joint Budget Committee, on discussions around mill levy equalization. The members discussed current issues around the total program mill levies in different districts, issues around taxpayer inequality and mill levy equity, proposals to equalize mill levies, and ongoing questions around the issue.

Public input. The committee also received public testimony and input, including both in-person comments at the October 22, 2019, meeting, and through two online surveys. The first online survey generated 74 comments related to what respondents were looking for in a new school finance formula. Staff presented an overview of the comments received on the first survey. The second online survey generated 62 comments on an initial draft of proposed legislation.

Draft Legislation

The committee requested two bill drafts at their October 22, 2019, meeting; those drafts were ultimately condensed into one draft modifying the current school finance formula. At their December 16, 2019, meeting, the committee discussed the proposed bill draft. The Office of Legislative Legal Services provided the committee with an overview of the bill components. Using the EdBuild simulation tool, Representative Julie McCluskie, chair, and Senator Paul Lundeen, vice chair, each discussed their preferred approach to identifying weights for each of the formula factors in the bill draft. Representatives from EdBuild answered questions about how potential changes were displayed in the simulation tool. The committee did not vote on the proposed legislation and as a result, did not recommend any legislation to be introduced in the 2020 legislative session.

Resource Materials

Meeting summaries are prepared for each meeting of the committee and contain all handouts provided to the committee. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver (303-866-2055). The listing below contains the dates of committee meetings and the topics discussed at those meetings. Meeting summaries are also available on our website at:

<http://leg.colorado.gov/committees/legislative-interim-committee-school-finance/2019-regular-session>

Meeting Date and Topics Discussed

June 25, 2019

- ◆ Presentation and Discussion: Colorado's School Finance System
 - *Part 1 – School Funding Formula*
 - *Part 2 – State and Local Shares; How We Fund Public Schools*
- ◆ Guiding Principles and Values, and Working with the School Finance Dashboard

August 19, 2019

- ◆ Panel Discussion: Cost of Living Factor and the Impact on At-Risk Populations
- ◆ Panel Discussion: Size Factor and the Impact on At-Risk Populations
- ◆ School District Perspective: Cost of Living and Size Factors
- ◆ Committee Discussion: Cost of Living and Size Factors

September 12, 2019

- ◆ Panel Discussion: Special Education Funding
- ◆ Panel Discussion: Funding for English Language Learners
- ◆ Panel Discussion: Other Categorical Programs
- ◆ District and National Perspectives: Categorical Funding
- ◆ National Perspective on Cost of Living, Size, and At-Risk Funding
- ◆ Committee Discussion

October 21, 2019

- ◆ Reflections on finance formula discussions, simulation tool, next steps
- ◆ EdBuild wrap-up
- ◆ Joint Budget Committee presentation and update

October 22, 2019

- ◆ Overview of written public testimony
- ◆ Public Testimony
- ◆ Committee discussion and reflection
- ◆ Request bill drafts

December 16, 2019

- ◆ Committee discussion of proposed bill draft