

HB21-1325: Funding Public Schools Formula

Reps. McCluskie and Herod, Garnett, Esgar, McLachlan / Sens. Zenzinger and Rankin, Lundeen

What does HB 21-1325 do?

Beginning in the 2021-22 budget year:

- Adds students eligible for reduced-price lunch to students who are eligible to receive at-risk funding.
- Removes English Language Learners (ELLs) from the current definition of at-risk pupils and creates a new funding factor to the formula equivalent to 8 percent of per pupil funding multiplied by ELL enrollment.
- Creates the Legislative Interim Committee on School Finance, which will meet during the 2021 and 2022 legislative interims and the 2022 and 2023 legislative sessions as necessary. The committee consists of four senators and four representatives, and must consider issues including: the current and alternative methods for identifying economically disadvantaged students, the appropriate methods to address district cost of living and small, remote and rural school district funding and funding equity related to revenue collected from total program mill levies and voter-approved mill levy overrides.

Beginning in the 2022-23 budget year:

- Creates the Mill Levy Override Match Fund and directs the Department of Education (CDE) to calculate a match amount for any school district that levies 27 total program mills and that would have to levy more than 30 mills to reach the maximum amount of mill levy override revenue permitted.

There is broad agreement about the need for additional resources to bring students living in poverty and English learners to academic proficiency. HB 21-1325 moves Colorado closer to a student-centric distribution formula by prioritizing targeted investments in the learning needs of these student populations.

- In the current formula, districts only receive funding for students who receive free lunch. The bill expands this category to students who are eligible to receive free *or* reduced-price lunch, while acknowledging that Colorado's reliance on FRL eligibility is inaccurate and unsustainable and directing the interim committee to study better, alternative methods of measuring economic disadvantage.
- In the 2020-21 school year, more than 113,000 students (13% of statewide enrollment) speak a primary language other than English. The bill creates a weighted factor for English Language Learners (ELLs), instead of tethering their funding to an opaque and acutely underfunded categorical amount.

By creating of a Mill Levy Override (MLO) Match Fund, HB 21-1325 takes a critical first step that can be built upon over time for equalizing differences in property wealth that contribute to funding disparities between schools and districts.

- Over the last decade, districts have increasingly turned to local voters and philanthropy to offset state cuts, meaning that funding available to invest in students varies significantly between districts, in part due to local property wealth and voters' ability to invest more in education. The amount of funding approved locally has grown to \$1.4 billion in the 2019-2020 school year, but that funding does not benefit all students equitably.
- In fiscal year 2019-2020, the state's 35 school districts with the lowest assessed property value per student were only able to raise an additional \$1,049 per student with an average of 16.51 override mills, while residents in the 35 school districts with the highest assessed value per student were able to raise an average of \$2,109 per student on just 2.83 voter-approved override mills. Essentially, our state's low property wealth districts taxed themselves at *5.8 times* the rate of high property wealth districts in FY 19-20, but only *generated half of the additional dollars* for their students.
- The MLO Match Fund will support communities that are willing to raise funds through MLOs but struggle to find adequate funding to meet student needs because of low property wealth.