

## **HB21-1325: Funding Public Schools Formula**

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

### **Section 1: Legislative Declaration to establish rationale for the investments included in the bill**

- COVID-19 brought about significant disruption to student learning and access to the nutritional, health and social-emotional supports that students receive at school. To meet changing workforce demands and provide every child a high-quality public education, Colorado's school finance formula must be redesigned and modernized to prioritize equity by 1) investing more in students who are economically disadvantaged and emerging bilingual students and 2) addressing inequities that arise from differences in local property wealth and mill levy override funding. A new formula factor for English Language Learners will be funded in part by redirecting funds previously appropriated for the professional development and student support program created in Section 22-24-108. Other changes contained in the bill will be offset by state share savings that occur as a result of changes made to total program mill levies in Section 22-54-106 (2.1).

### **Section 2: Definitions**

- Starting in the 2021-22 budget year, defines "at-risk pupils" as the greater of: a) the number of pupils eligible for free or reduced-price lunch (FRL), or b) the number of pupils calculated when district percentage of pupils eligible for FRL (in grades 1 through 8) is multiplied by district pupil enrollment. English language learners who are currently included in the at-risk pupil count are removed from the definition of "at-risk."

### **Section 3: District Total Program Definitions**

- Starting in the 2021-22 budget year, defines a district's total program funding as the greater of:
  - (District per pupil funding x (Funded pupil count – Online pupil enrollment – Extended high school pupil enrollment)) + At-risk funding + English Language Learner funding + Online funding + Extended high school funding, OR
  - (Minimum per pupil funding x (Funded pupil count – Online pupil enrollment – Extended high school enrollment)) + Online funding + Extended high school funding
- Adds a new "English Language Learner" (ELL) factor to the formula, updates existing statutory provisions regarding calculations of total program to include ELL enrollment, and changes the calculation used to determine the minimum per pupil funding base:
  - (District per pupil funding x (Funded pupil count – Online pupil enrollment – Extended high school pupil enrollment)) + At-risk funding + English Language Learner funding
- ELL factor funding is determined as (District per pupil funding x 8%) x ELL enrollment

### **Section 4: Certification of English Language Learner Enrollment**

- On or before November 10 of each year, local boards of education and the Charter School Institute board shall certify to the State Board the ELL enrollment of the district or of each institute charter school.

### **Section 5: State Education Fund dollars may be used for the formula changes in the bill**

- The expansion of the definition of "at-risk pupils" to include students eligible for reduced-price lunch and the addition of an English Language Learner factor are important elements of accountable programs to meet state academic standards and may therefore receive funding from the State Education Fund.

### **Section 6: District Total Program Definitions**

- Aligns the statutory district total with the changes to the at-risk funding factor and the addition of the English language learner funding factor.

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### **Section 7: Establish the Mill Levy Override Match Fund in the State Treasury; define districts eligible for matching funds; specify the formula for calculating the amount of the distributions**

- Defines a district eligible for state matching funds as a district that levies 27 total program mills and that would require more than 30 mills to reach its existing cap on mill levy override revenue.
- Beginning in the 2022-23 budget year, CDE shall annually distribute override match funds to eligible districts according to the calculation of the district's percentage of effort (the number of override mills that a district levies in the preceding property tax year, divided by thirty) multiplied by the district's maximum match amount (projected maximum number of override mills minus thirty mills, multiplied by the district's assessed property value, divided by one thousand).
- In a budget year in which the GA does not appropriate a sufficient amount to fully fund the match distributions, CDE shall reduce the amount of each eligible district's distribution by the same percentage.
- The override mill match amount that a district receives shall be distributed to charter schools in the same manner as other MLO revenues, and it is the intent of the General Assembly that districts use a portion of the revenues to increase teacher salaries.

### **Section 8: Create the Legislative Interim Committee on School Finance; detail issues to study and recommendations, including a commissioned study of methods to identify economic disadvantage among students**

- Creates an interim committee to meet during the 2021 and 2022 legislative interims and during the 2022 and 2023 legislative sessions to approve legislation.
- The committee consists of four members of the Senate (two each appointed by the Senate president and Senate minority leader) and four members of the House (two each appointed by the Speaker and House minority leader) who must be appointed no later than 30 days after the bill's effective date. Members should represent school districts across the state, school districts with varying student demographics, and school districts of varying wealth in property valuation and local revenue.
- The first meeting of the committee shall be held within 60 days of the bill's effective date, and the committee may meet up to five times during each interim. Subcommittees may be appointed to include members and people with technical school finance expertise.
- The interim committee shall study, at a minimum, and make recommendations where appropriate:
  - The current and alternative methods for identifying at-risk pupils
  - Whether to redesign finance formula allocations for district cost-of-living and personnel costs
  - The appropriate method to address small, remote and rural school district funding
  - Considerations of funding equity with respect to the amount of revenue collections from total program mill levies and voter-approved mill levy overrides
  - Alternative educator support for districts for teaching students in kindergarten through second grade
- Free and reduced-price lunch eligibility is increasingly inaccurate and unsustainable, and recent changes to federal policy that allow all students to receive a free lunch without submitting income eligibility forms resulted in an undercount of at-risk pupils. The interim committee shall contract with a third-party vendor to analyze various methods of measuring student economic disadvantage and the necessary data and systems alignment that would be needed to incorporate those measures into the funding formula. An RFP shall be issued by September 1, 2021, and the study must be completed by January 1, 2022.

### **Section 9: Section 6 of this bill takes effect on the effective date of this act or Senate Bill 21-268, whichever is later.**