

Welcome Task Force Members & Guests

A few notes prior to the meeting starting:

Task Force Members, if possible, please change your screen name to be TF_Your_Name, please have your camera on and relevant documents available at the beginning of the meeting.

- Welcome to the public who are watching the meeting via Live Streaming. If we have a breakout session in today's meeting, individual breakout rooms will not be streamed. These discussions will not involve any decision making and a readout from each breakout will be provided when the full meeting resumes.
- If the public has any questions or comments, these can be sent via email to Amy Carman at carman_a@cde.state.co.us

SB 23-287 School Finance Task Force



December 20th, 2023

Virtual Meeting



SCHOOL + STATE
FINANCE PROJECT

Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Scenarios Review & Discussion (20 mins) (Discussion)
3. Recommendations Review/Refinement/Finalization (120 mins)
(Discussion/Decision)
4. Process Plan & Outline for Report (15 mins) (Discussion)

Technical Etiquette

Zoom Etiquette:

- Task Force Members, if possible, please have your screen name as **TF_Your_Name**. All other Participants please have your screen name as **Your_Name_Role**.
- Please do not utilize the chat function
- If you wish you to comment, please use the raise hand function within Zoom and wait to be called on by the facilitator
- Please do not interrupt someone as they are speaking
- Breakout Rooms & Straw Polls

Guidelines for Interaction, Deliberation and Collaboration

- Appreciate that a variety of perspectives are represented throughout this Task Force
- Task Force Members should assume good intentions from other Task Force members
- All Task Force Members should strive to understand the intent of what has gone before and what didn't work
- When introducing or discussing new topics, please endeavour to provide a clear, concise breakdown of factors, what policies drive them and the funding that goes into each one
- Task Force Members are responsible to set aside sufficient time between meetings to accomplish all readings and work
- Please appreciate that Task Force Members are performing different roles than their day to day positions

Project Plan

Sep

Tuesday, 12th

- Vision Setting
- Project Plan Buildout
- Adequacy Study Parameters Design

Friday, 29th

- Adequacy Study Parameters Vote
- Revisit At-Risk Task Force Decisions & No Decisions
- Unpack student need & additional costs associated
- Discuss & Review current and alternative ways to fund based on need (i.e. categorical funding)
- Develop 2 proposals to model

Oct

Tuesday, 17th

- Proposal Review/Refinement
- Review and discuss current history and purpose of Cost of Living
- Revisit At-Risk Task Force Decisions & No Decisions
- Develop 2 Proposals to model

Tuesday, 31st

- Proposal Review/Refinement
- Review and discuss current indexes utilized in formula understanding history, affect, and intended purpose
- Discuss and review alternative options to address concerns
- Develop 2 proposals to model
- Review basics and funding for Institutional Charter Schools and how they differ from other Charter Schools

Nov

Tuesday, 14th

- Proposal Review/Refinement
- Review current challenges & effects of mill levy overrides
- Develop 2 proposals to model
- Review and discuss current size factor
- Discuss alternative methods to adjust for size & geography
- Develop 2 proposals to model

Model Development & Buildout

Dec

Tuesday, 5th

- Review & discuss models and the interplay between proposals-
- Refine & align on proposals (identify additional modeling requirements)
- Vote on Recommendations for
 - CSI

Tuesday, 12th

- Review & discuss models
- Vote on Recommendations for
 - Student Need
 - Multiplicative Indexes
 - Size Factor
 - Cost of Living

Dec

Wednesday, 20th

- Finalize Recommendations

Note: Task Force Members will have an opportunity to read the report and provide feedback

Workgroup Purpose & Scope

Required Task Force Action	Status
Recommendations due and parameters for 2024 study	Completed
Prioritizing student need in the formula	Completed
Recalibrating the cost of living factors	Finalizing Recommendation
Eliminating the use of multiplicative indexes	Completed
Revising the size factor	Finalizing Recommendation
Securing Equalization in Mill Levy Overrides for Institute Charter Schools	Completed
Report Detailing Findings	Develop Outline

Workgroup Purpose & Scope

Approved Recommendations	Vote Count
The Task Force recommends in order to commission the two adequacy studies that meet the intent of the legislature in commissioning such studies, that the legislature make a supplemental appropriation that addresses the responses from the RFI published in November 2023.”	14-2
Recommend the General Assembly continues to fully fund the existing MILL Levy Equalization Fund (as established in CRS 22-30.5-513.1.)	12-5
Recommend that the legislature continues to address Mill Levy Override Equalization for all students in Colorado.	15-0
Recommend that the legislature increase the base funding levels for student education in Colorado.	14-2
Recommend the legislature should annually revisit and update the base and need weights. Updates should reflect the results of the adequacy studies when they have been published.	16-0
The Task Force made these recommendations with the understanding of their combined effects on schools and the legislature should avoid taking recommendations in isolation.	16-0
Recommend to increase At-Risk weight to at least 0.31 and remove cap (0.3) on total possible At-Risk weight.	9-7

Workgroup Purpose & Scope

Approved Recommendations	Vote Count
Recommend to increase ELL weight to at least .5 on total possible ELL weight. Starting in FY25 there will be no eligibility cap for students.	15-1
Recommend to include additional Tier A and B student weights in the formula. Tier A students weight would be at least 0.5. Tier B students would be at least 0.85.	16-0
Recommend the legislature utilize categorical funding to address students with complex or higher special needs, sometimes referred to as Tier C	16-0
Recommend the legislature utilize categorical funding to address Gifted and Talented Students with a weight of at least .25 to Gifted and Talented Students	10-6
Recommend that personnel and non personnel factor be removed from the funding formula and move cost of living, size factor and any additional district weight factors from the preliminary per pupil calculation, to the end of the formula in a "District Adjustment"	14-2
Recommend rebasing the cost of living factor utilizing 2021 as a base. Rebasing the cost of living factor should occur at minimum every 2 years while accounting for the historical average of districts.	13-3

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Scenario Review Workbook

Purpose of the Review: To collect feedback and input around Initial Scenarios

Participation: 13 out of 17 Task Force Members

Takeaways ([Workbook Results](#))

Background on Scenario Development

During and after the 12/12 Task Force meeting, many Task Force members requested revised scenarios incorporating changes to size, sparsity, remoteness, and COL.

The table below outlines the changes made under each of the Scenarios.

Scenario 6	Scenario 7	Scenario 8
<ul style="list-style-type: none"> Incorporates the adopted recommendations related to the Colorado School Finance Formula. Expands eligibility for the Size Factor (includes districts with enrollment less than 1,027 students). Removes sparsity and remoteness funding. 	<ul style="list-style-type: none"> Incorporates the adopted recommendations related to the Colorado School Finance Formula. Expands eligibility for the Size Factor (includes districts with enrollment less than 1,027 students). Removes sparsity funding. Expands eligibility for remoteness funding (includes detailed NCES classifications for Rural and Town districts). 	<ul style="list-style-type: none"> Incorporates the adopted recommendations related to the Colorado School Finance Formula. Expands eligibility for the Size Factor (includes districts with enrollment less than 1,027 students). Removes sparsity funding. Expands eligibility for remoteness funding (includes detailed NCES classifications for Rural and Town districts). Implements a cap on the COL Factor at 0.1.
<p>\$10,623,455,131 (+\$1,006,973,034)</p>	<p>\$10,766,843,538 (+\$1,150,361,440)</p>	<p>\$10,090,367,841 (+\$473,885,744)</p>

Increasing Base Under Scenario 8

During the last Task Force meeting, several Task Force members highlighted the need to **increase the level of base funding**. The table below highlights the changes under Scenario 8 if base funding was **increased by \$500**. (The current base is \$8,472.15.)

- Increasing the base under Scenario 8 would result in a significant increase in FY 2025 total program funding, compared to baseline.
- Increasing the base by \$500 would require an additional **\$578.9 million**, from the original Scenario 8, resulting in an 11% increase over baseline in FY 2025.

Option	Total FY 25 Program Funding	FY 25 Change From Baseline (\$)	FY 25 Change From Baseline (%)
Scenario 8: Original	\$10,090,367,841	\$473,885,744	5%
Scenario 8: Increased Base	\$10,669,270,051	\$1,052,787,954	11%

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Process for Decision Making

Process for Decision Making

1. Review the content through pre-reads, presentations, and discussion
2. Identify, develop, and align on 2 proposals to model
3. Model & review data discussing impact, unintended effects, and potential outcomes
4. Revise and finalize a draft recommendation
5. Utilizing aspects of Robert's Rules a member of the Task Force makes a motion to accept the proposed recommendation
6. Another Task Force member must 2nd it
7. The Task Force is given the opportunity to discuss
8. Once points of discussion have been raised the facilitator will move to take a vote on whether to accept or reject the proposed recommendation
9. If a majority vote to accept the proposal, it will be incorporated into the final report, if not, the proposal must be revised and finalized again (Step 4)

Our goals for today

Review, discuss and finalize recommendations for all 5 remaining areas

Order of Operations

1. **Revising the Size Factor**
2. **Revising the Cost of Living Factor**
3. *****Additional Recommendations*****
 - a. E.g. Hold Harmless, Phase in Approach, etc...

Revising the Size Factor

Proposed Recommendations:

1. Recommend utilizing the current size factor calculation, but remove the size factor benefit for districts educating 1,027 students or more.
2. Recommend having districts receive weights based on their NCES classification: Rural: Remote = 0.25, Rural: Distant = 0.2, Rural: Fringe = 0.15, Town: Remote = 0.1, Town: Distant = 0.05, Town: Fringe = 0.025

Task Force Responsibility:

“Revising the size factor to incorporate considerations other than or in addition to student enrollment, including the remoteness of a school district;”

A Revised Cost of Living Factor

Proposed Recommendations:

1. Recommend the legislature conduct a Colorado based study for “cost of doing business” to help establish an additional factor that accounts for the additional costs of some districts to hire and retain staff and the increased costs of basic business needs.
2. Recommend establishing a cap to the cost of living factor.

Task Force Responsibility:

*“RECALIBRATING THE COST OF LIVING FACTOR, CAPPING THE COST OF LIVING FACTOR, OR ALTERNATIVE METHODS TO ACCOUNT FOR THE COST OF LIVING, INCLUDING THROUGH CATEGORICAL FUNDING. A **RECOMMENDATION CONCERNING A REVISED COST OF LIVING FACTOR** MUST BE ABLE TO REGULARLY CHANGE AS A RESULT OF THE BIENNIAL COST OF LIVING STUDY.”*

”

Additional Recommendations

Additional Recommendations:

1. Recommend utilizing a hold harmless with the introduction of the new funding formula for a minimum of 4 years.
2. Recommend phasing in changes to the new formula over a 4 year time period utilizing hold harmless.

Task Force Responsibility:

EXAMINE AND MAKE RECOMMENDATIONS CONCERNING MAKING THE SCHOOL FINANCE FORMULA SIMPLER, LESS REGRESSIVE, AND MORE ADEQUATE, UNDERSTANDABLE, TRANSPARENT, EQUITABLE, AND STUDENT-CENTERED

Key questions when considering a funding formula phase-in

When considering a funding formula phase-in, there are several key questions to consider.

1. **How much money (additional state cost) should be invested each year?**
 - a. Phase-ins are less expensive than fully funding a formula change, but what amounts should be expected each year?
2. **Should the additional state investment be equal in each year of the phase-in, or unequal?**
3. **How long should the phase-in take?**
 - a. Longer phase-ins can be less expensive, but result in a longer wait until “full funding”.

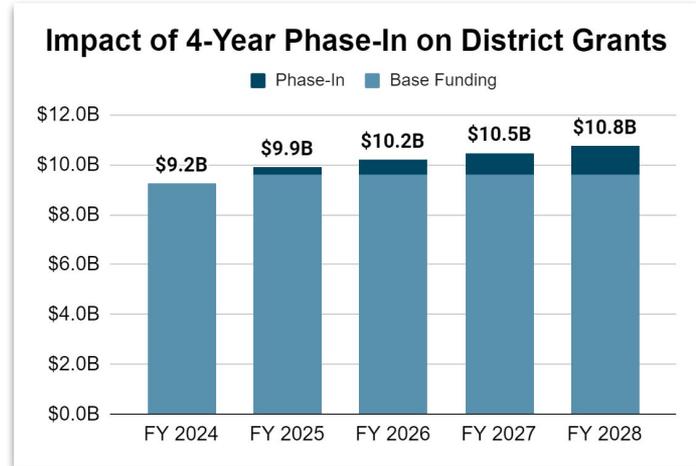
Scenario 7: Phase-In Impacts

Phasing-in the formula can spread the additional investment over multiple years.

- Phase-ins generally provide an increasing **increment** of the additional state funding each FY following a formula change, until they are **“fully funded”**.
- Phase-ins **gradually increase/decrease district grants over multiple fiscal years** until the grants equal what is produced by the funding formula.

To phase-in Scenario 8 over 4 fiscal years would require an additional investment of **\$118.5 million each year of the phase-in.**

- Districts are being phased-in **using FY 25 baseline** to ensure phase-in districts would not receive less than their current law FY 25 total program funding.
- Year 1 of the phase-in is the most costly year over year, since it's being phased-in **while FY 25 base amounts increase with inflation**.
- To hold losing districts harmless, this would require an **additional \$16 million each year** of the phase-in.



Fiscal Year	Total Program Funding	Phase-In %	Change from Baseline
FY 2024	\$9.2B	-	-
FY 2025	\$9.9B	25%	\$287.6M
FY 2026	\$10.2B	33.33%	\$575.2M
FY 2027	\$10.5B	50%	\$862.8M
FY 2028	\$10.8B	100%	\$1.2B

Scenario 8: Phase-In Impacts

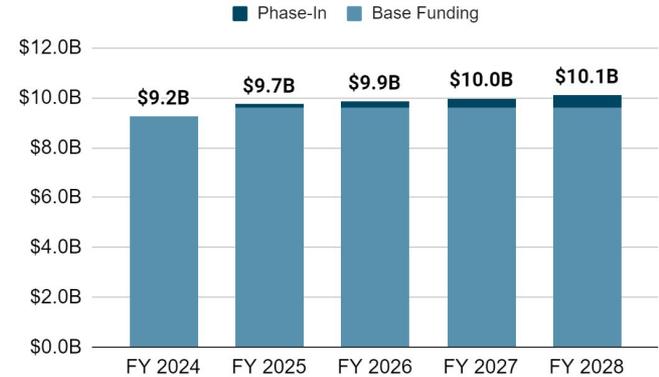
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Impact of 4-Year Phase-In on District Grants



Fiscal Year	Total Program Funding	Phase-In %	Change from Baseline
FY 2024	\$9.2B	-	-
FY 2025	\$9.7B	25%	\$118.5M
FY 2026	\$9.9B	33.33%	\$236.9M
FY 2027	\$10.0B	50%	\$355.4M
FY 2028	\$10.1B	100%	\$473.9M

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1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Recommendation Development Review (10 mins) (Info & Awareness)
4. Scenarios Review & Discussion (45 mins) (Discussion)
5. Break (5 mins)
6. Recommendations Review/Refinement/Finalization (130 mins)
(Discussion/Decision)
7. **Process Plan & Outline for Report (20 mins) (Discussion)**

Report Outline

Proposed Outline:

- **Background:** Review current funding formula and its components
- **Challenge:** Current formula is complex, regressive, not transparent, etc.
- **Bill & Objectives:** Review overall bill and key charges of the task force
- **Approach:** Review project plan and planned discussions and modeling
- **Data Analysis & Modeling:** Review analyses & scenarios
- **Recommendations:** Review and discuss recommendations & any minority report
- **Conclusion**

Report Process

Timelines:

- **Jan 12th** - Initial Draft Completed (with any desired minority reports)
- **Jan 12th - Jan 22nd:** Task Force Members will have the opportunity to read through and provide feedback around the report
- **Jan 22nd - Jan 26th :** Task Force input is incorporated into the report and will be finalized
-

Directions for Minority Report:

- **Eligibility:** Can be written for votes that received less than 75% of support
- **Authors:** 1 author will be selected to author the minority report.
- **Length & Scope:** The minority report will be no more than 500 words and will be specific to the to the recommendation in question
- **Deadline:** All minority reports must be submitted to the facilitator no later than Jan 11th
- **Feedback:** Task Force members will be able to provide feedback through the established feedback process

Next Steps

Where did we land?

Closing

Recap of today's discussions

