

Notes on Legislature Concerns for 2017

Five Star Leadership Academy

Gallagher Amendment

- The Gallagher Amendment was an amendment to the Colorado Constitution enacted in 1982 concerning property tax to keep relationships between residential and business property tax rates proportional.
- Gallagher requires residential assessed values comprise no more than 45 percent of the state's overall assessed value. Non-residential properties make up the remaining 55 percent. If residential starts to grow faster than non-residential, rate shifts are required so that the rates remain in the 45/55 split.
- Gallagher requires reductions in the residential assessment rate for property tax purposes when increases in home values outpace increases in the value of commercial property.
- This year, with the residential boom, residential assessed values are rising faster than non-residential, so the rate will be cut from 7.96 to 6.56. This is a benefit to home owners, but it will cost education and other state-funded services.
- The Gallagher amendment is one response to the question, "The housing market is booming, schools must be rolling in cash!"
- Governor Hickenlooper estimates this will cost Colorado school districts \$170 million – money the state does not have.
- Watch a video on the Gallagher affect at www.adams12.org/funding101
- The Denver Post [did a nice article](#) on the Gallagher amendment.

Marijuana Money

- School districts do not get a percentage of marijuana sales tax to contribute to district operational costs.
- Of the tax revenue collected, \$40 million is set aside into a statewide grant fund, the BEST program, to be used only for building construction.
- All 178 school districts in Colorado must apply for funding with awards typically going to lower funded or rural districts.
- From Superintendent Chris Gdowski:
 - "We've been lobbying the legislature for additional revenue from a variety of sources, marijuana very much included. The response back has been that there is too little total revenue, from all sources combined, to take care of all of the needs in education, transportation, and for those receiving care through Medicaid. We will continue our persistence in the lobbying arena, though we empathize with legislators who express interest in helping us and who find themselves without adequate revenue to do so. We need to work together as citizens of the state to grow the state's revenues to take care of these critical needs."
- View a marijuana FAQ and a 9news video on the challenges of funding education with marijuana money at www.adams12.org/funding101.

Senate Bill 061

- [Senate Bill 061](#) is pending in the legislature which could reduce state funding for the Five Star district next year by about \$700,000 on top of the funding lost through the Gallagher adjustment. It would allocate about \$14 million in state K-12 funding to a group of charter schools overseen by an entity called the Charter School Institute, or CSI. The bill's objective is to give these state-supervised charter schools additional funding to help them keep up with schools that have received supplemental funding through local elections (commonly referred to as "mill levy overrides"). The Five Star District approved four such overrides from 1991 to 2008.
- The district is interested in sharing voter-approved funding - the recent success of the 2016 Bond program provides a percentage of funding to the three district-authorized charter schools within Adams 12 Five Star Schools - but two of the three charters were not a part of the Five Star District when the community last passed a mill-levy override and all three made agreements with the district to not rely on that funding.

- As noted above, district voters have approved four local overrides from 1991 to 2008. These overrides were earmarked for increasing high school graduation requirements, avoiding staffing reductions, and other specific uses approved by voters. Senate Bill 61, if it becomes law, would redirect approximately \$3 million per year of these override funds to our three charter schools.
- From Gdowski:
 - “The challenge that I have with the proposed legislation -- and that charter leaders in our system have indicated that they share as well in my recent meetings with them -- is in its timing and approach. Both PRA and Westgate were chartered by the district following our four past overrides, and in our agreements that launched those schools there was agreement that the schools would not receive past override dollars -- and that the schools believed they could meet the needs of their students without these resources. (Stargate was chartered by the district at the time of the 2008 election and already shares a portion of the override dollars approved in that election.) I don't believe the right approach is for state legislators to direct the use of these resources approved many years ago in ways that run contrary to some of the commitments we made to our voters for use of those past funds and that run contrary to our local agreements with our charter schools. The timing is also off for the reasons I described in my budget communication to the community, as the projected growth in the negative factor makes it difficult to find a "win-win" outcome right now.
 - This is by no means anti-charter. We are sharing proceeds from our successful 2016 bond program with charters and I'd like to find solutions moving forward to share additional funding for charter schools, if/when the state begins to increase its funding for public education, to address funding differences caused by past override elections.
 - I do believe better funding for charters is feasible in the future with good planning, collaboration and improved state funding to meet our needs in K-12.”

Future Bills

- Upcoming legislation to keep an eye on:
 - From Gdowski: One bill, for example, would call for a November vote in which a standardized mill levy would be set throughout the state to support school funding. (At present, some communities have very small mill levies for school purposes, and so the state contributes much more funding to these districts than would be needed if these communities were paying their fair share for schools.)
 - From Gdowski: A second bill introduced late last week would change the TABOR formula that caps how much the state can spend each year -- it would change the formula to one based on average personal income in the state rather than one based upon inflation.

Moving Forward

- From Gdowski:
 - Short-term, we hope that the upcoming budget forecast is better than anticipated, which would result in a lower Negative Factor impact and would bring more money to K-12 throughout the state
 - Long-term, it has to be a change at the state level. For the past seven to 10 years we've had districts forced to rely on mill levy overrides from their taxpayers, which has exasperated the gap between the districts with resources and those without. It has created a greater equity issue than we had 10 years ago.

How to Help

- Write your state representatives: [Click here for a full listing](#) with contact information for leaders within Adams 12 Five Star Schools boundary
 - The ask: Asking your representative to join you in supporting your school by fully funding education in Colorado.
- Get updates on the various bills with the [Chalkbeat Bill Tracker](#)
- [Tips on getting involved](#) in the Colorado Government
- And just for fun (and we could all use a refresher): [How a Bill Becomes a Law](#)