

Tapes 21-22, (A\B)
LC 2819 Introduced/
School Distribution
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

-

January 29, 1991:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair
Senator Joan Dukes, Vice Chair (arrived 1:38)
Senator John Brenneman (arrived 1:22)
Senator Shirley Gold
Senator Ron Grensky
Senator Bill McCoy (arrived 1:15)
Senator Tricia Smith (arrived 1:13)

Staff Present: Jim Scherzinger, Legislative Revenue Officer
Terry Drake, Legislative Revenue Office
Mary Ann Zimmermann, Committee Assistant

TAPE 21. SIDE A

005 CHAIR CEASE called the meeting to order at 1:08 P.M. as a subcommittee until a quorum was present at 1:13 P.M. Administrative business was conducted.

LC 2819
INTRODUCED

130 CHAIR CEASE referred to LC 2819, the emergency clause for Ballot Measure 5.

140 MOTION SEN. MCCOY moved LC 2819 be introduced as a committee bill.

145 ORDER There being no objection, CHAIR CEASE so ordered.

148 TERRY DRAKE suggested Attorney John Augenblick from Denver, Colorado make a presentation to the committee dealing with options and limitations faced under Measure 5. He has been a consultant on many court cases dealing with the constitutionality or advisability of a particular state's system. Education Commission of the States (ECS) would cover his fee with the Legislature paying the travel expenses.

250 Discussion followed regarding scheduling Mr. Augenblick's presentation.

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ORIENTATION - SCHOOL DISTRIBUTION

324 TERRY DRAKE presented an historical look at school financing beginning with Governor McCall's Plan in 1973.

420 TERRY DRAKE explained another plan of school refinance 1976 Legislative Interim dealing with equity.

TAPE 22 SIDE

A

000 TERRY DRAKE continued giving an historical look at attempts to refinance school funding.

035 TERRY DRAKE explained the move of the 1970's was toward more equalization.

042 TERRY DRAKE discussed the 1980's showing a downturn in the economic cycle and emphasis changed to stability of the system and keeping schools open.

058 TERRY DRAKE explained the current move back toward consideration of the

equity question now with the passage of Measure 5.

150 TERRY DRAKE continued presenting an historical outlook of school funding with reference to the school finance formula.

174 TERRY DRAKE referred to The Report of the Governor's Commission on School Funding Reform which deals with short and long term goals of school refinance. The main purpose of this report was to establish stability. The Safety Net evolved from this report which was passed by the voters, along with the proposal for updating tax bases which the voters rejected. EXHIBIT 2

228 TERRY DRAKE presented an explanation of the distribution formula.

234 CHAIR CEASE announced that John Augenblick will be able to make a presentation on February 6th and 7th.

273 TERRY DRAKE continued the presentation on school finance with reference to the school finance formula. The blackboard was used to display the three basic policy components of the formula which has been in the statutes for some time; Transportation, Equalization, and Flat Grant. EXHIBIT 3

380 TERRY DRAKE discussed the transportation policy in which the state gives 60 percent support for transportation with it being a two-year reimbursement figure. Discussion and questions are interspersed.

TAPE 21 SIDE B

000 TERRY DRAKE continued explaining the distribution of transportation funds.

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020 Discussion and questions follow regarding distribution of transportation funds.

110 TERRY DRAKE explained how the other two components receive what's left over from transportation with 30 percent going to Equalization and the Flat Grant getting 70 percent. EXHIBIT 3

127 TERRY DRAKE explained the structure of the remaining part of the formula dealing with Flat Grants being distributed on a per student enrollment (average daily membership, ADM). Reference is continually made to the blackboard display. EXHIBIT 3

250 TERRY DRAKE pointed out that the incentive in this system is in the state sharing support in a fixed proportion.

270 Discussion and questions follow regarding the distribution of Flat Grants.

332 TERRY DRAKE simplified the way the Flat Grant portion of the formula works is on a per student basis.

337 TERRY DRAKE moved to the third component of Equalization. This portion partially guarantees a certain level of expenditure per student. The property wealth of the district is considered. Reference is made to the blackboard illustration. EXHIBIT 3

TAPE 22 SIDE

B

000 TERRY DRAKE continued discussion on Equalization as a component of the school finance formula. Discussion and questions are interspersed.

062 TERRY DRAKE commented on property value and there should not be an attempt to make up funds in Equalization that districts are receiving from individual sources at the local level.

084 TERRY DRAKE concluded the overview of the formula with comments of the system equalizing more districts and from relative proportion, the target figures keep going down while the numbers of people keep going up.

131 Questions and discussion clarified that the school finance system is a reimbursement system based on what happened the prior year.

155 CHAIR CEASE adjourned the meeting at 2:45 P.M.

Mary Ann Zimmermann, Committee
Assistant
Kimberly Taylor, Office Manager

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EXHIBIT SIJMMARY

1. Draft of LC 2819, DOR, 1/29/91 - Measure 5
2. "Small Steps to a Distant Goal"-The Report of the Governor's Commission on School Funding Reform, LRO, 9/1/88 - School Distribution
3. Blackboard Illustration, LRO, 1/29/91 - School Distribution
4. HB 2550 Table of Contents, DOR, 1/29/91 - Measure 5

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