12-1961

0056 State Aid to Schools in Colorado

Colorado Legislative Council

Report to the Colorado General Assembly:

STATE AID TO SCHOOLS IN COLORADO

COLORADO LEGISLATIVE COUNCIL

RESEARCH PUBLICATION NO. 56

DECEMBER, 1961

LEGISLATIVE COUNCIL

OF THE

COLORADO GENERAL ASSEMBLY

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The Legislative Council, which is composed of five Senators, six Representatives, and the presiding officers of the two houses, serves as a continuing research agency for the legislature through the maintenance of a trained staff. Between sessions, research activities are concentrated on the study of relatively broad problems formally proposed by legislators, and the publication and distribution of factual reports to aid in their solution.

During the sessions, the emphasis is on supplying legislators, on individual request, with personal memoranda, providing them with information needed to handle their own legislative problems. Reports and memoranda both give pertinent data in the form of facts, figures, arguments, and alternatives.

STATE AID TO SCHOOLS

IN COLORADO

LEGISLATIVE COUNCIL REPORT

TO THE

COLORADO GENERAL ASSEMBLY

Research Publication No. 56
December, 1961

COLORADO GENERAL ASSEMBLY

LEGISLATIVE COUNCIL

ROOM 341, STATE CAPITOL
DENVER 2, COLORADO
ACOMA 2-9911 – EXTENSION 2285

December 1, 1961

To Members of the Forty-third Colorado General Assembly:

As directed by Section 4 of Senate Bill No. 35, 1961 regular session, the Legislative Council submits the accompanying report of the committee appointed to study methods of distributing state aid to schools in Colorado. This report, which was accepted by the Legislative Council at its meeting on November 30, 1961, includes the report of the committee and two conflicting minority reports. The Governor has been requested to include the distribution of funds under the Public School Foundation Act as a matter for legislative consideration during the second regular session.

A detailed research report containing pertinent data considered by the committee during its deliberations will be prepared within the next few weeks.

Respectfully submitted,

James E. Donnelly

James E. Donnelly
Chairman

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November 29, 1961

Senator James E. Donnelly, Chairman
Colorado Legislative Council
Room 341, State Capitol
Denver 2, Colorado

Dear Mr. Chairman:

Your committee appointed to conduct the study directed by Senate Bill No. 35, 1961 regular session, relating to methods for the distribution of state aid to schools, submits the accompanying report and recommendations.

It may be noted that the committee reached substantial agreement on a number of questions concerning state funds distributed under the provisions of the Public School Foundation Act. However, because the members of the committee were divided rather sharply on the method to be used in determining local ability to support a minimum educational program, separate minority reports also have been submitted and are added to the full committee's report.

As the present distribution provisions of the Public School Foundation Act expire on June 30, 1962, the committee suggests that the Legislative Council merely remind the governor that this item be presented for action to the Second Regular Session of the Forty-third General Assembly.

Respectfully submitted,

Elmer A. Johnson

Elmer Johnson, Chairman
Committee on State School Aid

FOREWORD

The Forty-third General Assembly at its first regular session adopted a formula for distributing state school aid using an urban sales ratio factor to adjust (on paper) county assessed valuations. This formula expires on June 30, 1962. In the same act (S.B. 35) the General Assembly directed the Legislative Council to study this problem and to submit a report to the Second Regular Session of the Forty-third General Assembly.

The following 15-member committee was appointed by the Legislative Council to carry out the study: Representative Elmer A. Johnson, Chairman; Representative Guy Poe, Vice chairman; Lieutenant Governor Robert L. Knous; Senators Fay DeBerard, Roy H. McVicker, James W. Mowbray, and Allegra Saunders; and Representatives Palmer L. Burch, Forrest G. Burns, Ruth B. Clark, James M. French, John G. Mackie, Howard B. Propst, Raymond H. Simpson, and Albert J. Tomsic.

As its first order of business, the committee directed the preparation of various data concerning public schools in Colorado. When information became available in September on personal income and income taxes paid on a county-by-county basis, the committee directed its attention to estimates on the distribution of state aid using different ability-to-pay factors. A research report is being prepared which will include much of this material and will be available shortly for those interested in this information.

The staff of the State Department of Education was most helpful to the committee during the course of its study. Information on personal income was provided by the State Department of Revenue. Assisting in the study were Phillip E. Jones, senior research analyst, and Janet Wilson and Dave Morrissey, research assistants.

November 30, 1961

Lyle C. Kyle
Director

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STATE SCHOOL AID IN COLORADO

Committee Findings and Recommendations

In the 1961 regular session, the Colorado General Assembly adopted Senate Bill No. 35 which provided that the method of determining state aid under the Public School Foundation Act would be adjusted on the basis of sales ratio applied to urban real property only. This provision, however, was made effective only to and including June 30, 1962, and Section 4 of the bill directed the Legislative Council "to conduct a study of methods for distribution of state moneys to the public schools, and to recommend a formula therefor." Based on its study over the past several months, the committee appointed by the Legislative Council to carry out this assignment submits the following report of findings and recommendations.

Since 1950, four separate committees have reviewed methods for financing schools in Colorado -- a 1950-51 Governor's committee, a 1955-56 Legislative Council committee, a 1960 interim legislative committee, and the present committee established under the provisions of the 1961 bill. During the course of this 11-year period, the General Assembly has reached substantial agreement on most of the basic features of a good school finance program.

The principle of a foundation program to provide a minimum equal educational opportunity for all children throughout the state has been well established. The state has undertaken to share with the counties the costs of financing the minimum foundation program. This program is based on the use of a "minimum classroom unit value" with the number of classroom units determining the cost of this minimum program; each county contributes to this cost according to its relative ability as measured by assessed valuation with the state providing any additional amounts needed to meet the total obligation. Although minimum school district levies are no longer required, the local districts are encouraged to finance a program over and above the minimum foundation. Thus the financing of schools in Colorado can be described as a partnership program, with state, county and local school districts participating to provide the total funds needed in the educational program. There has been virtually no disagreement on the basic foundation principle.

However, there has been one recurring area of disagreement: What is a fair measure of ability on which each county's contribution (and consequently the state's contribution) to the foundation program should be determined? Do assessed valuations (taxed at a uniform mill levy) reflect the county's relative ability to support its schools? Or would some other measure of county ability (e.g., income within the county) be more equitable as between counties? This problem was recognized by the Governor's committee in 1951 and has been of primary concern to every committee which has studied school finance since that time. It has become more significant as school costs have risen and the amount and proportion of state aid has increased.

The 1960 interim legislative committee recommended that the determination of county ability be based on equalized (by sales ratio) assessed valuations adjusted by an income factor, but up to now the General Assembly has continued to measure a county's ability by its assessed valuation without any income adjustment on the theory that since school revenues are derived from mill levies on assessed valuation, county ability should be measured on the same base. Reliance on assessed valuations as a measure of county ability to support schools has resulted in concentrated attention on the disparities in assessment practices among counties. In 1955 an unsuccessful attempt was made to determine an appraisal ratio factor; in 1960, county sales ratio was applied at 50 per cent to adjust assessed valuations for purposes of computing state school aid; and in 1961, urban sales ratio was applied at 100 per cent. It should be pointed out that although the appraisal ratio idea, the sales ratio concept, and the whole area of assessment equalization have been argued extensively, particularly during the last two years, the basic issue has remained the same -- What is a fair measure of county ability? Unless the General Assembly finds that assessed valuation is an invalid measure of county ability <u>solely because of inequities among counties in assessment practices</u>, the assessment equalization problem is actually secondary to this basic issue.

In Colorado, as in other states, significant increases in minimum classroom unit values for the foundation program, in the state contribution, and in the required county contribution (i.e., minimum levies) have been enacted in recent years to keep pace with increasing school populations and rising school costs.

Also, within the framework of legislative agreement on the basic foundation program, three important concepts have been reviewed and revised in the last 11 years. First, the General Assembly has given continued recognition to the need for additional classroom units in sparsely populated areas with small school attendance centers in order to encourage employment of the minimum number of teachers necessary to provide equal educational opportunity. Second, since 1957 the General Assembly likewise has recognized the needs of rapidly growing schools and has granted additional classroom units based on an "excess growth" factor which helps to keep the equalization program current. And third, the General Assembly has demonstrated that it feels that quality in education is related directly to the training and education of teachers by allowing a higher classroom unit value for graduate teachers than for non-graduate teachers as a means of encouraging the employment of better qualified (i.e., graduate) teachers. Because of the passage of the new teacher certification law in 1961, the number of non-graduate teachers is expected to decrease rapidly in the next few years. Consequently, the present committee, finding that the need for differentiation between graduate and non-graduate units no longer exists, is recommending that all classroom unit values be set at the same level.

Committee Findings

Much of the committee's activity during the first part of its study focused on compiling background information for later use in considering various school aid formulas. In this connection, tables were prepared on the following subjects: local tax effort for schools, 1951-60; state school aid, 1960-61; number and ratio of teachers to non-teachers, 1959-60; comparison of average daily membership, calculated average daily attendance, and actual average daily attendance, 1959-60; special school district levies, 1956-60; teacher salaries and salary schedules; comparison of classroom units with number of classroom teachers and total number of certificated personnel; school district operating expenses per classroom unit, 1959-60; transportation expense; teaching personnel and administrative and supervisory personnel; school district special fund revenues, 1959-60; ability to pay for schools in terms of assessed valuation and personal income per A.D.A.; accreditation of public high schools in Colorado; net sales tax collections, 1960 and 1961; percentage comparison of state aid from foundation program and direct grant reserve, 1960-61; detailed receipts and expenditures of school districts, 1959-60; individual income and income taxes paid by counties; percentage of state support to total school costs, 1960-61; and 1961 unadjusted assessed valuation totals.

In addition to this data, the committee had prepared estimated applications for more than two dozen proposed formulas. State aid estimates under the final five formulas considered by the committee are reported on a county-by-county basis in Table I. It should be noted, however, that these totals include funds distributed on a direct grant basis in addition to funds authorized under the foundation program but do not include those moneys allowed for small or isolated attendance centers and additional units authorized for excess growth. The estimated funds to counties under these latter two factors are reported in Table II.

Formulas 1 and 2, in Table I, are based on a distribution of state aid to schools using an adjusted gross income factor as the sole measure of ability to support a minimum educational program at the local level (i.e., ability to pay). These two formulas also include combining the state's direct grant reserve program, now distributed on a per pupil basis, with the foundation program into one over-all state school aid plan.

Formula 3 is based on the current foundation formula using urban sales ratio in the determination of ability to pay as measured by assessed valuation within a county. Formula 4 represents a proposal to distribute state school aid with equal weight (50-50) being given adjusted gross income and assessed valuation as adjusted by urban sales ratio as ability to pay factors. Formula 5 is based on using unadjusted assessed valuation as a measure of local (county) ability to provide a minimum educational program as included in the provisions of the basic 1957 foundation act. Formulas 3 and 5 would each continue the distribution of moneys from the Public School Income Fund as at present, i.e., on a per-pupil basis separate from the foundation program; Formula 4, like Formulas 1 and 2, would include combining the direct grant reserve fund with the foundation distribution.*

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* Details on these formulas and other information reviewed by the committee will be contained in a Research Publication to be published by the Colorado Legislative Council, December, 1961.

Committee Recommendations

The method for determining local ability to support a minimum educational program in terms of distributing state aid under the Public School Foundation Act has remained a controversial issue in Colorado for a number of years. It is an issue which thus far has successfully resisted agreement and settlement on a fairly permanent or continuing basis. However, within the over-all provisions of the Public School Foundation Act itself, the committee found several areas where substantial agreement existed for recommending changes despite the fact that the "ability to pay" issue was not one of these areas.

1. The committee agrees that any foundation program which the General Assembly might adopt should be fully implemented. Such action would facilitate budget estimating on the part of local school boards. Most importantly, however, those school districts where state aid represents a larger proportionate share of their total school operating budget are more severely affected when the program is funded at less than 100 per cent, thereby defeating a basic principle of the act itself in providing state assistance where the need is greatest.

2. The foundation principle of requiring county-wide minimum effort for eligibility to participate in the program should be retained. Equalizing educational opportunity among the districts within a county is equally as important as equalizing educational opportunity among the several counties in Colorado. Otherwise the burden of local financing falls on the local school district, and the "partnership" aspect of the program is reduced.

3. The requirement of a contingency fund should be continued but not at an amount equal to one and one-half per cent of the cost of the program. This percentage provision has remained in the law since its enactment when the total appropriation was much smaller than it is now; as a result, a much greater amount of money is being provided for this purpose than is necessary. The committee therefore recommends a separate appropriation for the contingency reserve fund in the amount of $300,000, with any unexpended balance at the close of the fiscal year to revert to the state's general fund.

4. Classroom units (C.R.U.'s) should be based on a straight one unit for each 25 students in average daily attendance (A.D.A.) instead of the present provision at the rate of five C.R.U.'s for the first 100 A.D.A. and four C.R.U.'s for each additional 100 A.D.A. At the same time, a separate provision should be written into the law to make allowances for small or isolated attendance centers. (For effect of this latter change, see Table II.)

Under this recommendation for small or isolated attendance centers, standards would be written into the law to provide that a reorganized school district maintaining a full 12-grade program, with an attendance center 20 miles or more from the nearest similar center within the same school district, and which has 150 or less A.D.A. would be entitled to the number of classroom units indicated in the following tabulation:

Classroom Unit Entitlement of Attendance Center

Elementary		Secondary		
A.D.A.	1-6 or 1-8 Unit	A.D.A.	7-12	9-12
Less than 25	1	Less than 25	1	1
25.1 - 50	2	25.1 - 50	4	4
50.1 - 75	3	50.1 - 75	5	5
75.1 - 100	4	75.1 - 100	6	6
100.1 - 125	5	100.1 - 125	7	7
125.1 - 150	6	125.1 - 150	8	8

5. The classroom unit value should be uniformly set at $5,200 with no distinction being made between graduate and non-graduate teachers for classroom unit value purposes as at present ($5,200 and $4,500). The committee believes that in view of the 1961 teacher certification act it will be merely a matter of time before there will be few non-graduate teachers employed in this state and eventually there will be none except in emergency cases.

6. The provision in the current Foundation Act allowing additional classroom units for growth in excess of seven per cent over the previous year should be continued. This will allow those areas experiencing sharp increases in their school populations to receive immediate assistance under the Public School Foundation Act instead of placing this financial burden wholly on the local taxpayers by delaying state aid for a year.

7. State appropriations for junior college aid should be in a separate bill in order to focus attention more completely on the funds to be used for implementing the Public School Foundation Act.

8. Any formula agreed upon should be adopted on its merits and not on whether any county would "lose" state aid; consequently, no "grandfather" clause should be included, i.e., a provision which states that no county would receive less state aid under a new distribution formula than it presently receives.

9. The ability-to-pay factor should be based on county assessed valuation without adjustment through the application of the results of the sales ratio study. In this connection, the committee found no majority support for any of the other factors considered -- adjusted gross income, assessed valuation adjusted by urban sales ratio, or a combination thereof -- but a majority of the members voting did approve a recommendation to use unadjusted assessed valuation as the measure of ability to pay as was used in the 1957 Public School Foundation Act. The estimated effect of this proposal in terms of all state aid to counties is reported in Table III. In keeping with committee thinking, this program is based on a straight 25 A.D.A. per $5,200 classroom unit with additional allowances being made for small or isolated attendance centers and excess growth as reported in Table II.

On an over-all basis, the committee's recommended action is estimated to cost the following for 1962-63:

Activity and Source	Amount Estimated At 100% Implementation
Basic foundation program (general fund)	$37,127,384
Basic foundation program (federal mineral leasing)	2,300,000
Small attendance centers (general fund)	1,165,200
Excess growth (general fund)	1,690,000
Contingency reserve (general fund)	300,000
Total	$42,568,024*

Of this $42,568,024 total, some $40,282,584 would be appropriated from the state general fund compared to $33,830,000 for the current fiscal year, or an increase of $6,452,584. Also, instead of the contingency reserve representing one and one-half per cent of the total appropriation, the committee is recommending a direct dollar appropriation of $300,000 -- an estimated $150,000 for financial emergencies caused by acts of God and contingencies not reasonably foreseeable at the time of adoption of the budget, and $150,000 for small schools with unusual geographical, physical, or small size conditions not provided for elsewhere under the foundation act.

Finally, several committee members question the authority of the State Commissioner of Education to withhold state transportation aid as a penalty for school districts transporting private school students. Consequently, the committee recommends that this matter be included for consideration by the General Assembly in the 1962 regular session.

* It should be noted that this figure does not include state aid allocated on a per pupil basis from the Public School Income Fund, an amount which totaled $3,044,036 in 1960-61.

Table I

ESTIMATES OF STATE AID TOTALS FOR 1962-63 UNDER FINAL FIVE FORMULAS CONSIDERED BY COMMITTEE*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Formula 1 - Adjusted Gross Income		Formula 2 - Adjusted Gross Income (76.71% Implementation)		Formula 3 - Urban Sales Ratio		Formula 4 - Combination Of Adjusted Gross Income and Urban Sales Ratio		Formula 5 - Unadjusted Assessed Valuation	
County	State Aid	Millage Required On 1961 Valuation @$5,200 Per C.R.U.	State Effort At 76.71% Impl.	Millage Required On 1961 Valuation @$5,200 Per C.R.U.	State Aid	Millage Required	State Aid	Millage Required	State Aid	Millage Required
Adams	$ 5,155,410	11.122	$ 4,524,516	7.540	$ 5,193,930	11.913	$ 5,141,605	11.189	$ 5,175,935	12.000
Alamosa	318,203	9.644	282,383	6.538	299,025	12.046	304,304	10.509	299,758	12.000
Arapahoe	3,195,326	15.482	3,240,522	10.496	4,072,336	12.461	3,566,558	13.683	4,167,549	12.000
Archuleta	128,399	4.799	105,314	3.254	91,256	12.164	109,050	8.164	92,201	12.000
Baca	242,618	5.325	213,528	3.610	117,155	11.984	181,016	8.280	116,822	12.000
Bent	298,983	5.922	251,834	4.015	223,059	11.841	259,350	8.501	220,622	12.000
Boulder	1,479,242	11.998	1,570,877	8.134	1,628,132	11.778	1,538,160	11.597	1,595,515	12.000
Chaffee	222,857	10.088	205,821	6.839	206,403	12.273	211,820	10.877	210,220	12.000
Cheyenne	75,066	3.620	71,153	2.454	5,526	8.567	32,500	6.425	5,526	8.567
Clear Creek	74,051	10.792	71,910	7.317	62,171	13.778	67,730	11.908	72,243	12.000
Conejos	496,869	5.126	394,569	3.476	449,406	11.678	440,960	10.402	445,990	12.000
Costilla	240,106	3.401	189,100	2.305	201,737	11.876	208,000	8.890	201,010	12.000
Crowley	161,433	6.994	136,624	4.742	134,117	11.799	146,452	9.019	132,631	12.000
Custer	38,611	3.963	32,926	2.687	12,225	12.392	26,420	7.572	13,548	12.000
Delta	487,883	9.857	425,865	6.683	468,881	12.194	470,340	10.685	473,001	12.000
Denver	2,531,111	13.181	5,628,645	8.936	5,354,519	11.282	4,364,100	11.562	4,541,741	12.000
Dolores	76,961	6.078	68,286	4.121	45,765	11.879	60,984	8.672	45,022	12.000
Douglas	187,460	7.182	170,712	4.869	121,482	12.176	154,698	9.342	124,147	12.000
Eagle	173,216	5.474	149,174	3.712	105,136	11.833	139,932	8.236	103,125	12.000
Elbert	125,647	3.451	109,020	2.340	6,926	11.928	69,496	7.239	6,926	11.928
El Paso	4,105,181	12.014	3,790,781	8.145	3,962,748	13.820	3,988,166	12.555	4,356,322	12.000
Fremont	495,935	9.286	451,890	6.295	413,000	12.986	451,490	10.712	443,724	12.000
Garfield	375,697	8.288	348,252	6.339	275,382	12.563	323,680	10.061	291,889	12.000
Gilpin	24,149	4.379	21,552	2.969	969	13.010	11,977	8.729	3,795	12.000
Grand	127,298	6.400	116,302	4.339	63,531	12.475	96,330	9.024	69,132	12.000
Gunnison	182,870	8.754	165,756	5.935	148,414	12.481	164,725	10.294	154,083	12.000
Hinsdale	3,142	1.559	2,919	1.057	242	3.939	1,300	2.954	242	3.939
Huerfano	238,495	7.489	203,677	5.077	201,609	11.950	217,310	9.380	201,053	12.000
Jackson	53,765	3.749	49,799	2.542	3,371	9.568	22,100	7.176	3,371	9.568
Jefferson	4,577,521	14.636	4,408,953	9.923	5,262,435	12.840	4,877,531	13.428	5,471,004	12.000
Kiowa	76,762	4.042	72,035	2.740	5,032	9.869	32,500	7.402	5,032	9.869
Kit Carson	211,651	6.519	196,139	4.420	116,136	11.700	165,155	8.736	109,851	12.000
Lake	148,201	4.326	159,287	2.933	12,436	7.799	83,200	5.849	12,436	7.799
La Plata	723,005	7.626	634,210	5.170	541,585	12.833	629,130	9.847	576,784	12.000
Larimer	1,337,637	9.724	1,277,571	6.593	1,154,320	12.301	1,238,955	10.667	1,185,871	12.000
Las Animas	608,540	8.340	528,436	5.654	546,251	11.713	567,930	9.697	537,668	12.000
Lincoln	164,342	5.268	150,982	3.571	40,773	12.289	105,570	8.337	46,309	12.000
Logan	542,529	6.551	513,374	4.441	250,695	12.049	399,600	8.930	253,634	12.000
Mesa	1,462,501	10.674	1,370,769	7.236	1,418,664	12.174	1,422,625	11.096	1,435,045	12.000
Mineral	13,280	4.603	12,045	3.121	2,706	11.574	8,984	7.233	2,010	12.000

Table I
(continued)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Formula 1 - Adjusted Gross Income		Formula 2 - Adjusted Gross Income (76.71% Implementation)		Formula 3 - Urban Sales Ratio		Formula 4 - Combination Of Adjusted Gross Income and Urban Sales Ratio		Formula 5 - Unadjusted Assessed Valuation	
County	State Aid	Millage Required On 1961 Valuation @$5,200 Per C.R.U.	State Effort At 76.71% Impl.	Millage Required On 1961 Valuation @$5,200 Per C.R.U.	State Aid	Millage Required	State Aid	Millage Required	State Aid	Millage Required
Moffat	$ 218,580	6.401	$ 202,311	2.043	$ 103,734	12.295	$ 161,460	9.008	$ 110,202	12.000
Montezuma	541,251	8.759	460,042	5.938	495,528	12.447	510,269	10.254	504,792	12.000
Montrose	713,125	8.292	612,372	5.621	627,530	12.151	662,888	9.867	632,345	12.000
Morgan	729,171	5.343	656,685	3.622	285,685	11.985	511,056	8.300	284,558	12.000
Otero	935,820	9.737	810,400	6.601	924,842	11.436	914,760	10.284	903,146	12.000
Ouray	62,704	5.728	54,448	3.883	37,207	12.139	49,946	8.572	37,829	12.000
Park	38,144	3.883	37,822	2.633	3,168	8.157	18,200	6.118	3,168	8.157
Phillips	144,651	5.229	134,318	3.545	29,611	12.153	87,768	8.374	32,382	12.000
Pitkin	46,190	6.473	52,282	4.388	3,213	10.856	28,600	8.142	3,213	10.856
Prowers	490,285	8.002	432,252	5.425	409,950	11.879	444,912	9.599	406,520	12.000
Pueblo	2,940,174	13.983	2,865,042	9.480	3,344,361	12.863	3,092,960	13.117	3,496,672	12.000
Rio Blanco	189,982	1.618	172,024	1.097	11,648	4.508	74,100	3.381	11,648	4.508
Rio Grande	431,035	7.550	368,039	5.119	367,954	11.815	394,912	9.352	364,245	12.000
Routt	197,699	5.205	177,322	3.529	82,072	11.624	141,172	8.036	74,560	12.000
Saguache	203,509	4.371	167,498	2.963	135,927	11.765	168,480	7.692	133,444	12.000
San Juan	24,543	6.579	23,041	4.460	12,739	11.857	18,888	8.760	12,368	12.000
San Miguel	91,576	4.536	79,740	3.076	35,746	11.841	64,100	7.780	34,403	12.000
Sedgwick	155,047	5.333	138,441	3.615	66,254	11.968	110,700	8.328	65,782	12.000
Summit	50,120	7.537	50,473	5.110	25,068	11.986	37,145	9.546	24,976	12.000
Teller	90,774	6.536	79,323	4.431	55,946	13.186	72,675	9.552	63,067	12.000
Washington	190,091	2.620	175,934	1.776	13,032	6.704	78,000	5.028	13,032	6.704
Weld	2,270,427	8.693	2,070,982	5.893	1,892,762	12.073	2,065,140	10.031	1,903,926	12.000
Yuma	287,977	5.997	258,956	4.066	147,076	12.206	217,005	8.760	152,355	12.000
Total	$42,224,828		$42,397,255		$42,330,539		$42,226,869		$42,471,420	

* All totals include moneys from direct grant reserve program in order to allow uniform comparisons since these funds would be integrated under Formulas 1, 2, and 4. Each of these formulas is estimated on the basis of 100 per cent implementation with the exception of Formula 2, and for state aid on the basis of 1-25 A.D.A. per $5,200 C.R.U. Not included in the totals are allowances for small or isolated attendance centers or for excess growth -- see Table II for these figures.

Table II

ESTIMATED STATE AID REQUIREMENTS IN 1962-63 FOR ADDITIONAL CLASSROOM UNITS FOR SMALL OR ISOLATED ATTENDANCE CENTERS AND EXCESS GROWTH OVER SEVEN PER CENT OF 1961-62

County	Centers Under Foundation Program		Centers Under Contingency Reserve		Excess Growth					
	No. of C.R.U.'s	Total Cost	No. of C.R.U.'s	Total Cost	No. of C.R.U.'s	Total Cost	No. of C.R.U.'s	Total Cost	County Contribution To Total Cost[1]	State Aid
Adams	4.0	$ 20,800	---	$ ---	90	$ 468,000	94	$ 488,800	$ ---	$ 488,800
Alamosa	3.0	15,600	---	---	---	---	3	15,600	---	15,600
Arapahoe	6.0	31,200	0.5	2,600	60	312,000	66.5	345,800	---	345,800
Archuleta	2.0	10,400	0.2	1,040	---	---	2.2	11,440	---	11,440
Baca	10.0	52,000	---	---	1	5,200	11	57,200	---	57,200
Bent	3.0	15,600	0.8	4,160	---	---	3.8	19,760	---	19,760
Boulder	---	---	---	---	45	234,000	45	234,000	---	234,000
Chaffee	3.0	15,600	---	---	---	---	3	15,600	---	15,600
Cheyenne	9.0	46,800	---	---	---	---	9	46,800	46,800	---
Clear Creek	---	---	---	---	---	---	---	---	---	---
Conejos	---	---	---	---	---	---	---	---	---	---
Costilla	3.0	15,600	---	---	---	---	3	15,600	---	15,600
Crowley	---	---	---	---	---	---	---	---	---	---
Custer	3.0	15,600	---	---	---	---	3	15,600	---	15,600
Delta	---	---	---	---	---	---	---	---	---	---
Denver	---	---	---	---	---	---	---	---	---	---
Dolores	4.0	20,800	---	---	---	---	4	20,800	---	20,800
Douglas	---	---	0.7	3,640	1	5,200	1.7	8,840	---	8,840
Eagle	10.0	52,000	0.8	4,160	---	---	10.8	56,160	---	56,160
Elbert	8.0	41,600	---	---	---	---	8	41,600	1,069	40,531
El Paso	5.0	26,000	---	---	24	124,800	29	150,800	---	150,800
Fremont	5.0	26,000	0.8	4,160	---	---	5.8	30,160	---	30,160
Garfield	---	---	---	---	---	---	---	---	---	---
Gilpin	3.0	15,600	---	---	---	---	3	15,600	---	15,600
Grand	3.0	15,600	---	---	---	---	3	15,600	---	15,600
Gunnison	6.0	31,200	1.7	8,840	---	---	7.7	40,040	---	40,040
Hinsdale	---	---	1.3	6,760	---	---	1.3	6,760	6,760	---
Huerfano	4.0	20,800	---	---	---	---	4	20,800	---	20,800
Jackson	3.0	15,600	---	---	---	---	3	15,600	15,600	---
Jefferson	---	---	---	---	100	520,000	100	520,000	---	520,000
Kiowa	7.0	36,400	---	---	---	---	7	36,400	28,071	8,329
Kit Carson	13.0	67,600	---	---	---	---	13	67,600	---	67,600
Lake	---	---	0.5	2,600	---	---	0.5	2,600	2,600	---
La Plata	3.0	15,600	---	---	1	5,200	4	20,800	---	20,800
Larimer	1.0	5,200	0.5	2,600	---	---	1.5	7,800	---	7,800
Las Animas	15.0	78,000	0.7	3,640	---	---	15.7	81,640	---	81,640
Lincoln	14.0	72,800	---	---	---	---	14	72,800	---	72,800
Logan	10.0	52,000	0.8	4,160	---	---	10.8	56,160	---	56,160
Mesa	4.0	20,800	2.0	10,400	---	---	6	31,200	---	31,200
Mineral	4.0	20,800	---	---	---	---	4	20,800	---	20,800

Table II
(continued)

County	Small Attendance Centers Under Foundation Program: No. of C.R.U.'s	Small Attendance Centers Under Foundation Program: Total Cost	Small Attendance Centers Under Contingency Reserve: No. of C.R.U.'s	Small Attendance Centers Under Contingency Reserve: Total Cost	Excess Growth: No. of C.R.U.'s	Excess Growth: Total Cost	No. of C.R.U.'s	Total Cost	County Contribution To Total Cost[1]	State Aid
Moffat	3.0	$ 15,600	1.2	$ 6,240	---	$ ---	4.2	$ 21,840	$ ---	$ 21,840
Montezuma	6.0	31,200	0.6	3,120	---	---	6.6	34,320	---	34,320
Montrose	---	---	---	---	---	---	---	---	---	---
Morgan	---	---	---	---	---	---	---	---	---	---
Otero	---	---	1.4	7,280	1	5,200	2.4	12,480	---	12,480
Ouray	7.0	36,400	---	---	---	---	7	36,400	---	36,400
Park	6.0	31,200	0.4	2,080	---	---	6.4	33,280	33,280	---
Phillips	2.0	10,400	---	---	---	---	2	10,400	---	10,400
Pitkin	3.0	15,600	---	---	---	---	3	15,600	12,060	3,540
Prowers	5.0	26,000	---	---	---	---	5	26,000	---	26,000
Pueblo	3.0	15,600	---	---	---	---	3	15,600	---	15,600
Rio Blanco	---	---	0.6	3,120	---	---	0.6	3,120	3,120	---
Rio Grande	3.0	15,600	---	---	---	---	3	15,600	---	15,600
Routt	5.0	26,000	---	---	---	---	5	26,000	---	26,000
Saguache	6.0	31,200	---	---	---	---	6	31,200	---	31,200
San Juan	3.0	15,600	---	---	---	---	3	15,600	---	15,600
San Miguel	6.0	31,200	0.5	2,600	---	---	6.5	33,800	---	33,800
Sedgwick	3.0	15,600	---	---	---	---	3	15,600	---	15,600
Summit	3.0	15,600	---	---	---	---	3	15,600	---	15,600
Teller	5.0	26,000	---	---	---	---	5	26,000	---	26,000
Washington	10.0	52,000	---	---	---	---	10	52,000	52,000	---
Weld	6.0	31,200	---	---	2	10,400	8	41,600	---	41,600
Yuma	7.0	36,400	---	---	---	---	7	36,400	---	36,400
Total	260.0	$1,352,000	16.0	$83,200	325	$1,690,000	601	$3,125,200	$201,360	$2,923,840

1. In counties where the value of the basic program is greater than the amount raised by the 12-mill levy, the county pays the additional cost of extra units up to the amount raised by the 12-mill levy.

Table III

ESTIMATED STATE AID IN 1962-63 USING UNADJUSTED ASSESSED VALUATION AS ABILITY TO PAY FACTOR*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		State Aid For						
County	State Aid Under Foundation Program	Small Attendance Centers[1]	Small Attendance Centers[2]	Excess Growth[3]	Total Of Columns 1,2,3, and 4	Direct Grant Reserve[4]	Total Of Columns 5 and 6	Total County Millage Required[5]
Adams	$ 4,973,368	$ 20,800	$ ---	$ 468,000	$ 5,462,168	$ 202,567	$ 5,664,735	12.000
Alamosa	280,334	15,600	---	---	295,934	19,424	315,358	12.000
Arapahoe	3,913,993	31,200	2,600	312,000	4,259,793	253,556	4,513,349	12.000
Archuleta	86,987	10,400	1,040	---	98,427	5,214	103,641	12.000
Baca	103,488	52,000	---	5,200	160,688	13,334	174,022	12.000
Bent	205,581	15,600	4,160	---	225,341	15,041	240,382	12.000
Boulder	1,478,888	---	---	234,000	1,712,888	116,627	1,829,515	12.000
Chaffee	196,104	15,600	---	---	211,704	14,116	225,820	12.000
Cheyenne	---	---	---	---	---	5,526	5,526	11.651
Clear Creek	67,209	---	---	---	67,209	5,034	72,243	12.000
Conejos	424,019	---	---	---	424,019	21,971	445,990	12.000
Costilla	189,810	15,600	---	---	205,410	11,200	216,610	12.000
Crowley	124,386	---	---	---	124,386	8,245	132,631	12.000
Custer	11,460	15,600	---	---	27,060	2,088	29,148	12.000
Delta	442,472	---	---	---	442,472	30,529	473,001	12.000
Denver	3,868,636	---	---	---	3,868,636	673,105	4,541,741	12.000
Dolores	40,486	20,800	---	---	61,286	4,536	65,822	12.000
Douglas	114,372	---	3,640	5,200	123,212	9,775	132,987	12.000
Eagle	94,564	52,000	4,160	---	150,724	8,561	159,285	12.000
Elbert	---	40,531	---	---	40,531	6,926	47,457	12.000
El Paso	4,108,108	26,000	---	124,800	4,258,908	248,214	4,507,122	12.000
Fremont	411,381	26,000	4,160	---	441,541	32,343	473,884	12.000
Garfield	266,813	---	---	---	266,813	25,076	291,889	12.000
Gilpin	2,826	15,600	---	---	18,426	969	19,395	12.000
Grand	61,223	15,600	---	---	76,823	7,909	84,732	12.000
Gunnison	144,624	31,200	8,840	---	184,664	9,459	194,123	12.000
Hinsdale	---	---	---	---	---	242	242	8.302
Huerfano	187,953	20,800	---	---	208,753	13,100	221,853	12.000
Jackson	---	---	---	---	---	3,371	3,371	11.257
Jefferson	5,231,978	---	---	520,000	5,751,978	239,026	5,991,004	12.000
Kiowa	---	8,329	---	---	8,329	5,032	13,361	12.000
Kit Carson	96,691	67,600	---	---	164,291	13,160	177,451	12.000
Lake	---	---	---	---	---	12,436	12,436	7.860
La Plata	538,182	15,600	---	5,200	558,982	38,602	597,584	12.000
Larimer	1,099,433	5,200	2,600	---	1,107,233	86,438	1,193,671	12.000
Las Animas	499,051	78,000	3,640	---	580,691	38,617	619,308	12.000
Lincoln	35,440	72,800	---	---	108,240	10,869	119,109	12.000
Logan	215,220	52,000	4,160	---	271,380	38,414	309,794	12.000
Mesa	1,337,308	20,800	10,400	---	1,368,508	97,737	1,466,245	12.000
Mineral	1,196	20,800	---	---	21,996	814	22,810	12.000

Table III
(continued)

County	(1) State Aid Under Foundation Program	(2) State Aid For: Small Attendance Centers[1]	(3) State Aid For: Small Attendance Centers[2]	(4) State Aid For: Excess Growth[3]	(5) Total Of Columns 1,2,3, and 4	(6) Direct Grant Reserve[4]	(7) Total Of Columns 5 and 6	(8) Total County Millage Required[5]
Moffat	$ 95,926	$ 15,600	$ 6,240	$ ---	$ 117,766	$ 14,276	$ 132,042	12.000
Montezuma	474,079	31,200	3,120	---	508,399	30,713	539,112	12.000
Montrose	594,839	---	---	---	594,839	37,506	632,345	12.000
Morgan	238,174	---	---	---	238,174	46,384	284,558	12.000
Otero	848,760	---	7,280	5,200	861,240	54,386	915,626	12.000
Ouray	34,565	36,400	---	---	70,965	3,264	74,229	12.000
Park	---	---	---	---	---	3,168	3,168	11.886
Phillips	22,207	10,400	---	---	32,607	10,175	42,782	12.000
Pitkin	---	3,540	---	---	3,540	3,213	6,753	12.000
Prowers	376,702	26,000	---	---	402,702	29,818	432,520	12.000
Pueblo	3,290,162	15,600	---	---	3,305,762	206,510	3,512,272	12.000
Rio Blanco	---	---	---	---	---	11,648	11,648	4.555
Rio Grande	341,826	15,600	---	---	357,426	22,419	379,845	12.000
Routt	62,041	26,000	---	---	88,041	12,519	100,560	12.000
Saguache	123,051	31,200	---	---	154,251	10,393	164,644	12.000
San Juan	10,489	15,600	---	---	26,089	1,879	27,968	12.000
San Miguel	28,354	31,200	2,600	---	62,154	6,049	68,203	12.000
Sedgwick	56,336	15,600	---	---	71,936	9,446	81,382	12.000
Summit	21,297	15,600	---	---	36,897	3,679	40,576	12.000
Teller	57,982	26,000	---	---	83,982	5,085	89,067	12.000
Washington	---	---	---	---	---	13,032	13,032	7.822
Weld	1,763,211	31,200	---	10,400	1,804,811	140,715	1,945,526	12.000
Yuma	133,799	36,400	---	---	170,199	18,556	188,755	12.000
Total	$39,427,384	$1,165,200	$68,640	$1,690,000	$42,351,224	$3,044,036	$45,395,260	

* Based on 1-25 per $5,200 classroom unit. Does not include additional funds reported in Table II for small or isolated attendance centers and excess growth.
1. Foundation Program.
2. Contingency Reserve.
3. Foundation Program.
4. 1960-61 actual distributions.
5. Millage required for total county contribution, including contribution to cost of extra units for small attendance centers and excess growth.

MINORITY REPORT

We, the undersigned, are submitting this Minority Report to the Legislative Council and the 43rd General Assembly to call attention to the fact that the Committee's recommendation in effect sets the Public School Foundation Act back five years. Several of the members who appear as co-signers of this Minority Report voted for the Committee's major recommendation; however, all other proposals before the Committee had been discarded, thus in order to have some plan ready for consideration by the General Assembly we cast our votes for the proposal recommended by the Committee.

Perhaps a brief historical review of legislative efforts to resolve the question of "How best can the state guarantee each youngster in the state an equal educational opportunity?" will help to re-establish our perspective.

The 40th General Assembly, acting in 1955, directed the Legislative Council among other things to make a long-range study the state's role in financing the public schools. From that study came the Public School Foundation Act. It is significant to note that the Subcommittee of the Council which recommended the Foundation Act made this observation:

> "The sole measure of 'local financial ability' is local property assessments. Thus, it is apparent that, if state equalization funds are to be distributed with fairness to all, the levels of property assessments must be equitable throughout the state. If the level of local property assessments and the resultant calculated local tax share are lower in some parts of the state than in others, there will result an inequitable distribution of state school funds."[1]

Because of the widespread concern over alleged disparities is assessment practices, the General Assembly in 1957 enacted the Realty Recording Act and directed the Legislative Council to conduct a sales ratio study to determine if the alleged disparities did exist. In addition, the General Assembly directed the Council to review methods used by the county assessors and the Tax Commission in arriving at assessed values for tax purposes.

The first Sales Ratio Report was made to the General Assembly at its 1959 session. That report showed a state sales ratio of 27.9 with a range of 14.1 in one county to 40.9 in another county. It demonstrated beyond any reasonable doubt that assessment inequalities did in fact exist.

1. Research Publication No. 17, Colorado Legislative Council, 1955, p. 9.

The Legislative Council Committee on Assessment Methods submitted specific recommendations to the General Assembly in 1960 -- recommendations aimed at correcting glaring inadequacies the Committee found to exist in assessment methods used by assessors and the Tax Commission. Although the General Assembly did adopt several of the recommendations made as a result of that study, it did not adopt some of the most significant recommendations.

As a result, legislators from the counties which were obviously being penalized in the distribution of state school monies because of inequitable assessment practices amended the Public School Foundation Act by inserting the results of the Sales Ratio Study as an adjustment on the amount of state money each county would get.

The third Sales Ratio Study was presented to the General Assembly in 1961. With a few exceptions, in relatively small populated counties, where few sales occurred, the results of the three-year Sales Ratio Study showed remarkable stability.

During this period, many rural legislators maintained that the results of the Sales Ratio Study were inaccurate where farm and ranch lands were concerned. Included in the arguments against the use of sales ratio was the fact that agricultural land is assessed on the basis of productivity and many factors besides productivity were influencing market price. Among those factors are soil bank payments, wealthy people buying land for tax write-off purposes, subdividers buying property for purposes of speculation, etc.

Also, the opponents of sales ratio maintained that information contained on the realty recording certificates were being used for other purposes such as establishing grazing rates on public-owned lands, inheritance tax purposes, income tax purposes including capital gains, audits, etc. Admittedly, this was not the intent of the General Assembly in enacting the Realty Recording Act originally; however, it begs the question of why the information should not be used for these purposes.

The General Assembly recognized the faults of using sales ratio as far as rural property is concerned in 1961 and re-enacted the Foundation Act using only urban sales ratio as an adjustment on state school aid for one year only. Concurrent with this action the General Assembly directed the Legislative Council to appoint a committee to devise a formula for presentation to the 43rd General Assembly in its second regular session.

That committee was appointed and has met numerous times while reviewing some two dozen different formulae for distributing state school aid. Among the factors not heretofore considered was adjusted gross income as an indication of the ability of counties to support a minimum education program.

The issue before the Committee finally boiled down to two approaches:

1) discard the traditional and realistic concept of assessed valuation as an indication of the ability of counties to support a minimum educational program in favor of using personal adjusted gross income as that indicator; or

2) retain the basic Foundation Program with assessed valuations as the key factor with adjustments for inequitable assessments among counties.

This Minority Report is concerned with continuing the basic foundation principle with urban sales ratio as an adjustment on assessed valuations to correct inequities that we all know exist. Since it appears that the legislative controversy on the school aid question will center undoubtedly around urban sales ratio versus adjusted gross income as a means of determining local ability to support schools, our reasons listed below focus on these two proposals.

1. Using adjusted gross income as a measure of local ability to support schools is unrealistic since neither school districts nor counties have authority to levy such a tax. The property tax provides approximately 70% of all school district revenues. To use any other measure of local ability to support schools in light of these facts is to us unsound.

2. The State of Colorado levies a progressive income tax which is based on the ability of taxpayers individually and collectively to support governmental functions. The proponents of using adjusted gross income as a measure of local (county) ability to support a minimum educational program are now proposing that we not only collect money on the basis of ability to pay but that we further penalize those counties that appear wealthy in terms of personal income by reducing the amounts of school aid such counties would receive.

3. Using adjusted gross income as the determining factor for school aid could lead to deficit financing on the part of the state. To illustrate, if an ecomonic recession occurred the adjusted gross income of the several counties would decline thereby increasing the state obligation to finance a minimum educational program. At the same time, the basic source of revenue to the state general fund (the income tax) would be declining. Thus the state would have a greater obligation with lesser resources with which to meet that obligation.

4. Formula 2 in the Committee Report demonstrates two basic problems inherent in using adjusted gross income as a measure of local ability. That formula is calculated at approximately 75% implementation. In the case of Costilla County the state pays approximately 80% of the $5,200 C.R.U. value while in Denver the state pays less than 10% of the C.R.U. value. The effect of under-implementation in this case means that Costilla County loses $1,040 per classroom unit while Denver loses less than $520. Under-implementation does not put the money where the need is.

Also, we must look at the difference in local effort, levied on property, between counties. Under the adjusted gross income proposal (Formula 2) a taxpayer owning a home that sells for $10,000 (assessed @ $3,000) in Arapahoe County would pay $31.49 as his share of the county contribution to the minimum foundation program. A similar taxpayer in Rio Blanco County (owning a home that sells for $10,000 and assessed for $3,000) would pay only $3.29 as his share of the county contribution. Is this taxpayer equity?

5. The opponents of sales ratio argued in 1960 that the state had insufficient experience, based on three years sales ratio data, to use sales ratio in the school aid formula. To date, we have information on only one year of adjusted gross income data per county. We feel additional information and experience is needed on income tax information before serious consideration is given to the use of it. Further, we would urge the General Assembly to continue gathering and publishing sales ratio information regardless of its use in a school aid formula in order to help the Tax Commission and the assessors in achieving assessment equalization.

6. Opponents of sales ratio have emphasized the relatively minor differences between the urban ratios of the several counties. We would like to call attention to the actual range of the 3½ year urban ratios in the state -- from 18.2 in Gilpin County to 41.8 in Cheyenne County.

To further emphasize the point, by eliminating urban sales ratio from the Act Denver would lose $800,000 and $400,000 of this would go to El Paso County which is assessed considerably below the state urban average.

7. The concerted attacks on sales ratio in recent years have been directed at using sales ratios developed on rural properties. The General Assembly has excluded rural property from the formula. No one has criticized validly the accuracy of urban sales ratios.

8. If we return to the old Foundation Act, without urban sales ratio, we will simply encourage assessors to deliberately under-assess property in order to secure additional state school aid for their counties.

Finally, we wish to reiterate that several of the undersigned voted in favor of the Committee recommendation simply because we believe in the fundamental principle of a minimum foundation program. We differ in only one respect and that is we feel a sales ratio factor should be added to offset inequitable assessments.

We, the undersigned, recommend that the General Assembly continue the Public School Foundation Act with assessed valuation adjusted by a sales ratio factor as the basic measure of county ability to support a minimum school program.

/s/ Representative James M. French
/s/ Representative Elmer A. Johnson
/s/ Representative John G. Mackie
/s/ Senator Roy H. McVicker
/s/ Senator Allegra Saunders
/s/ Lt. Governor Robert L. Knous

MINORITY REPORT

We, the undersigned, respectfully submit this Minority Report to the Legislative Council and the 43rd General Assembly to call attention to the fact that the Committee's majority recommendation on a formula for distribution of state moneys to the public schools does not solve the problem of providing a minimum, equal educational opportunity for all children throughout the state which has been the basic concept of the Public School Foundation Act.

Purpose of the Foundation Act

In 1957 when the Colorado General Assembly first enacted the Public School Foundation Act the primary goal was to equalize educational opportunity throughout the state based on a minimum local effort (a 12 mill county-wide mill levy) with the state aid making up the difference for the minimum classroom unit.

The basic Foundation Act was modified in 1960 by applying county sales ratio at 50 per cent as an attempt to adjust assessment practices among counties and penalizing those counties that were supposedly under-assessed. This was the first departure from the basic principle of equal educational opportunity. The local effort of a county which has a lower assessment than the state-wide average as computed by sales ratio may be a greater local effort than counties with an above average assessment when the per capita income of the county is considered. It was also apparent that comparing rural property with urban property was unfair and inequitable, which fact was recognized in 1961 when the General Assembly abandoned county sales ratio in favor of urban sales ratio.

The Committee's majority recommendation has now abandoned sales ratio in its entirety.

It is our firm conviction that the General Assembly should once again focus its attention on the problem of equalizing educational opportunity.

It is with this basic concept in mind that this Minority Report and the recommendations contained herein are submitted for consideration of the Legislative Council and the General Assembly.

What Constitutes Need

Considerable debate has occurred on what constitutes "need," both in legislative debates and in the several meetings of this Committee. Actually, need must be related to the concept of minimum, equal educational opportunity. When this is done it is obvious that the basic elements are the number of children in the school district and the ability of the taxpayers to provide the minimum local effort toward the minimum program with the state aid making up the difference. A school district with no children has no "need" for state aid.

Likewise, a school district with comparatively few children, a high percentage of assessed property behind each student, and an above average per capita income would have no "need" for state aid. On the other hand, a district with proportionately as many children, a low percentage of assessment behind each student, and a low per capita income has an obvious "need" for state aid. Then there are the districts that vary as to number of students, assessed valuation behind each student, and the per capita income within the district.

Meeting That Minimum Need

In terms of the basic Public School Foundation Act there are only two sources of revenue available: 1) the county-wide property tax levy; and 2) state school aid. During the 1961-62 school year, on a state-wide basis, the county-wide property tax levies will provide approximately 56% of the basic minimum program while the state will provide 44%.

However, county by county there is considerable variation in these proportions. There are eight counties in which the county-wide levies provide all of the basic program in contrast to two counties in which the state provides more than 73% of the basic program.

Meeting Needs Beyond Minimum Program

We are well aware that the actual cost of running schools is substantially above the minimum program. Whereas the state recognizes $5,200 as a classroom unit cost for purposes of the minimum program, actual costs approximate $10,000 per classroom unit on a state average. The lion's share of the difference between the $5,200 and $10,000 figures is derived from school district property tax levies.

Measuring Local Ability to Finance Schools

The recommendation of the Committee in reverting back to the original Foundation Act formula may well take into consideration the assessed valuation of property behind each student in determining the need for state aid, but fails to recognize the factor of the ability of the local taxpayer to make the minimum local effort. It is here that the undersigned part ways with the majority on the Committee.

The Committee has failed to recognize the fact that <u>all taxes are paid from income</u>. Assessed valuation is only one factor in determining ability to support a minimum school program. We recognize that the property tax has been and still is the prime source of revenue for all local governments as well as schools. School costs have doubled, with the exception of the 1930's, and it is predicted that they will double again in this decade.

The transformation of the nation's economy from a predominantly agricultural to an industrial economy has completely changed the correlation between property ownership and the ability to pay taxes. Furthermore, the demands for tax revenues are considerably greater today than they were in the early days.

Property taxes are not based on earning ability but on value. With the expected increase in school costs, unless there is some consideration given to the income producing capabilities of income property, the inevitable taxes on property will become confiscatory.

It is significant to note that the Legislative Council Subcommittee on School Finance, chaired by Senator Ernest Weinland in 1955, observed that, "Assessed valuation per A.D.A. does not necessarily indicate a real ability to provide a classroom unit."[1] We, the undersigned, concur in that statement wholeheartedly. Further, we feel that the current Legislative Council Committee on School Finance has not faced, in its recommendation, this very problem which has plagued the school finance program since its inception.

Heretofore, we have not had the necessary personal income information by county in order to seriously consider it as a factor in determining local ability to support local schools. We now have that information. Projections of various formulae incorporating adjusted gross income per student in average daily attendance have been made for this Committee. The results are truly revealing and demonstrate that county ability to contribute to a minimum foundation program would be measured much more equitably on the basis of income than on the present basis of assessed valuation. The figures show that the Public School Foundation Act has failed in that it does not provide an equitable measure of local ability, an all-important part of the goal it was intended to achieve--namely, to guarantee each and every youngster in the State of Colorado an equal opportunity for a minimum education.

It is the opinion of the undersigned that the principle of using adjusted gross income as a measure of a county's ability to support a minimum educational program should be incorporated in the Public School Foundation Act.

In addition, we, the undersigned, wish to endorse wholeheartedly the recommendations of the Committee concerning small attendance centers, the excess growth factor, elimination of the extra classroom unit for the first 100 A.D.A., the flat appropriation for contingencies, and the separate appropriation for Junior Colleges.

/s/ Representative Forrest G. Burns
/s/ Representative Howard B. Propst
/s/ Representative Albert J. Tomsic
/s/ Senator Fay DeBerard
/s/ Representative Guy Poe

1. Research Publication No. 17, Colorado Legislative Council, 1955, p. 17.