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0257 Committee on School Finance

**Report to the Colorado General Assembly:**

**RECOMMENDATIONS FOR 1981  
COMMITTEE ON:**

# **SCHOOL FINANCE**



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**COLORADO LEGISLATIVE COUNCIL**

**RESEARCH PUBLICATION NO. 257  
December, 1980**



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The Legislative Council, which is composed of six Senators, six Representatives, plus the Speaker of the House and the Majority Leader of the Senate, 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.

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COLORADO LEGISLATIVE COUNCIL  
" RECOMMENDATIONS FOR 1981

(Colorado Legislative Council  
COMMITTEE ON SCHOOL FINANCE.)

Legislative Council  
Report to the  
Colorado General Assembly

Research Publication No. 257  
December, 1980

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To Members of the Fifty-third Colorado General Assembly:

Submitted herewith are the final reports of the Legislative Council interim committees for 1980. This year's reports of the fourteen committees are contained in nine volumes of research publications (Research Publication Nos. 249 through 257).

Respectfully submitted,

/s/ Senator Fred Anderson  
Chairman  
Colorado Legislative Council

FA/th

## FOREWORD

The Legislative Council directed the 1980 interim Committee on School Finance to study four areas -- effects of the reassessment of property on school finance, pending school finance litigation, the combined effects of SB 25 (1978 Session) and SB 11 (1980 Session), and methods used to accrue summer pay for teachers. The committee held five meetings and addressed each study area. This volume contains the report and recommended bills of the Committee on School Finance.

At its November 24, 1980 meeting, the Legislative Council authorized the Committee on School Finance to conduct two additional meetings to be held in December, 1980, and to report its findings directly to the General Assembly.

The Committee on School Finance and the staff of the Legislative Council were assisted by Doug Brown and Rebecca Lennahan of the Legislative Drafting Office in the preparation of the committee's bills.

December, 1980

Lyle C. Kyle  
Director

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**LEGISLATIVE COUNCIL  
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Principal Analyst**

**Stan Solodky  
Senior Research Assistant**

**Paul Alexander  
Research Assistant**

**\* Resigned September 15, 1980.  
\*\* Appointed September 26, 1980.**

SUMMARY OF COMMITTEE ACTIVITIES,  
RECOMMENDATIONS, AND FINDINGS

Charge

Senate Joint Resolution No. 26 directed that a "study of school finance" be conducted by a special committee of the Legislative Council during the 1980 legislative interim. At first the committee was instructed to meet only in the event of a Colorado Supreme Court ruling in the state's appeal of the district court decision in Lujan et al v. State Board of Education, which found portions of the current public school finance act unconstitutional. However, at its August 7 meeting, the Legislative Council authorized the committee to hold hearings for the purpose of conducting:

- a briefing by attorneys representing the state, General Assembly, and the intervenors regarding the current status and prospective outcome of pending school finance litigation (Lujan case);
- a thorough analysis of the combined impact of Senate Bill 25 (1978 session) and Senate Bill 11 (1980 session);
- an analysis of the impact of the reassessment of base-year property under House Bill 1452 (1977 session) on school finance; and
- an examination of the accounting method used by school districts to record the accrual of salaries of teachers who contract to teach for nine months and request payment over a twelve month period.

In spite of the committee's late start, it held five meetings and addressed each of the issues assigned.

Activities

Legal Briefing and Accrual of Teacher Salaries

The committee's first meeting was devoted to a legal briefing by attorneys representing the state, intervening school districts, and the General Assembly in the appeal of the district court's decision in the Lujan case. The briefing consisted of a summary of arguments advanced by the attorneys as well as a projection that a final state Supreme Court decision will not be rendered until the last half of 1981. Accrual of the salaries of teachers who teach for ten months but request payment over a twelve month period was also discussed.

## Analysis of Senate Bill 25 and Senate Bill 11

At the committee's second meeting, an analysis of the combined impacts of Senate Bill 25 (1978 session) and Senate Bill 11 (1980 session) was presented. The analysis illustrated how the two bills affect:

- 1) property taxes;
- 2) equalization of school district spending per pupil; and
- 3) state reimbursements under the transportation aid formula.

Methods of accruing teacher salaries were also discussed at the meeting.

## Analysis of the School Finance Impacts of Reassessing Real Property under House Bill 1452

The committee's third meeting was primarily devoted to an analysis of the impact of the impending reassessment of real property on school finance. The reassessment is scheduled to be implemented in 1983 and will affect calendar year 1984 school district budgets. Also discussed at the meeting was school district funding of capital reserve and bond redemption funds, and accrual of teacher salaries.

## Small Attendance Center and Transportation Aid, Energy Costs, Counting of Kindergarten Pupils, and the Contingency Reserve Fund

Topics investigated at the committee's fourth meeting included: impacts of energy cost increases on school district budgets, and energy conservation approaches being utilized by the districts; effects of motor fuel cost increases on school district transportation budgets; review of the small attendance center aid law; and review of the current statutory limitation on the counting of full day kindergarten children.

## Consideration of Bills and Findings

Two bills pertaining to the counting of full day kindergarten pupils and the contingency reserve fund were considered at the committee's fourth meeting. Two additional bills, concerning pupil transportation and an energy assistance program, and a list of committee findings were considered at the committee's fifth meeting.

## Recommendations

### Counting of Full Day Kindergarten Pupils -- Bill 1

The current statutory limitation on the counting of full day kindergarten students for school district funding purposes is set to expire on June 30, 1981. Apparently, the date was originally set to expire in 1978, but has been extended each session for the last several years. It appears that the original expiration date was intended to force the General Assembly to periodically review the desirability of the limitation. The limitation specifies that kindergarten students may only be counted for one-half day of attendance unless:

- 1) the students are enrolled in classes of four hours and fifteen minutes per day or more; and
- 2) the number of such students does not exceed the number of full day kindergarten students counted during the district's 1975 counting period.

A second limitation stipulates that only 3,500 of such full day kindergarten pupils may be counted statewide.

Apparently, the original reason that the limitation was established was due to some school districts attempting to overstate their student counts for attendance purposes by conducting kindergarten programs for a few minutes beyond the normal half day period. The longer programs were claimed as full day classes for counting purposes and thus the school district's revenues from these kindergarten pupils doubled. In order to prevent these abuses, while not penalizing districts with established bona fide full day programs, the limitations were established on the basis of 1975 pupil counts.

Testimony presented to the committee indicated that many school districts have implemented full day kindergarten programs in spite of the inability to fully count these pupils for funding purposes under current law. The districts indicated that they are conducting these programs because of the sound educational theory behind them. Additionally, preliminary data suggests that the extended day program is more beneficial to the children's development than the traditional kindergarten program.

In response to the testimony, the committee recommends Bill 1 which would effect the following changes to the current law:

- 1) extend the expiration date of the limitation from June 30, 1981, to June 30, 1984 (this will require the General Assembly to again review the limitations during the 1984 Session);
- 2) increase the total number of full day kindergarten pupils which can be counted for funding purposes from 3,500 to 5,000 statewide, and

- 3) authorize the State Board of Education to allow a district to exceed its 1975 count of full day kindergarten pupils.

Extension of the Special Contingency Reserve Fund -- Bill 2

Under current law, the State Board of Education is empowered to distribute monies from the special contingency reserve fund to school districts which are not receiving property tax payments due to administrative appeal or litigation over inclusion of a property in its property tax base. The monies, derived from legislative appropriations to the fund, are to be repaid to the state general fund with interest if the disputed property is finally determined to be included in the district's property tax base and the property taxes are collected. The fund is scheduled to expire effective July 1, 1981. Again, it appears that the expiration date was originally set to require the General Assembly to determine the necessity for continuing the fund.

Because of the ongoing nature of this type of litigation, the committee recommends Bill 2 which extends the expiration date of the special contingency reserve fund to July 1, 1985.

Concerning Pupil Transportation -- Bill 3

The current law pertaining to state aid for pupil transportation provides a mileage entitlement to school districts of forty cents per mile traveled in transporting pupils to and from their residence and school. The state also reimburses districts for up to twenty-five percent of current operating expenditures for pupil transportation in excess of their mileage reimbursement. In no event is the total state transportation aid reimbursement to exceed ninety percent of a district's total current operating expense for pupil transportation.

In addition to the state aid formula, provisions of the state highway code limit two axle school buses to a total length of thirty-five feet.

Testimony was presented to the committee indicating that enormous inflationary pressures are being experienced by school districts primarily because of motor fuel cost increases. In order for the state to maintain the current state/local funding ratio for 1981, the committee recommends Bill 3 which changes the factors in the transportation formula as follows:

|                         | <u>Current<br/>Law</u> | <u>Bill 3</u> |
|-------------------------|------------------------|---------------|
| Mileage Entitlement     | 40¢/mile               | 42.5¢/mile    |
| Excess Cost Entitlement | 25%                    | 30%           |

Furthermore, to achieve greater fuel economy by minimizing the numbers of buses utilized, Bill 3 allows an increase in the length limitation for two axle school buses from thirty-five feet to forty feet. It is

estimated that the additional length will allow a single bus to transport up to twenty-three additional children over the conventional thirty-five foot bus.

The bill also requires the Department of Education to provide school districts with technical information dealing with the reduction of fuel consumption, vehicle specifications, reconditioning, and maintenance, safety matters, and bus route selection.

#### Concerning Energy Assistance to School Districts -- Bill 4

Testimony presented to the committee illustrated the dramatic increases in the energy costs experienced by school districts in recent years. This problem has been especially acute in the state's smaller districts because many such districts do not have the financial resources to implement conservation measures, and because of their declining enrollments which severely limit yearly growth in school district revenues.

In response to this problem, the committee recommends Bill 4, which contains four basic provisions. The bill:

- 1) Permits school districts to increase their authorized revenue bases by the amount each year's budgeted expenditures for utilities per pupil exceeds the previous year's actual expenditures for utilities per pupil;
- 2) Requires the Department of Education to provide school districts with technical assistance concerning energy conservation methods in construction, improvements, and operation of facilities;
- 3) Establishes a program to provide grants to school districts for energy conservation projects involving capital improvements in existing school facilities; and
- 4) Provides for the reimbursement of up to seventy percent of the total cost of any energy conservation project, that a school district undertook after July 1, 1978 but prior to July 1, 1981, involving capital improvements in existing school facilities.

#### Accrual of Summer Pay for Teachers

Many teachers who teach for nine or ten month period request that their salaries be pro rated and paid over a twelve month period. Hence, a portion of each such teacher's pay is earned during one school district budget year but actually paid during the following year. This creates a liability which the districts are required to pay in the ensuing year.

The State Auditor recommended in 1979 that school districts use an accrual rather than a cash method for recording these teachers'



salaries on their books and that any deficit created by the new method be financed during the year in which the liability was incurred. The 1979 Interim Committee on School Finance took issue with the Auditor's recommendations and adopted the following motion:

The Department of Education should notify the school districts that they are not required to fund or budget the liability of accrued salaries, but that the accrued salaries should be recorded as a liability in the fund balance equity section of the district's financial statement.

Subsequently, the Department of Education and the State Auditor took the position that this motion applied only to the amount of accrued teachers' salaries which existed in 1979, and that any increases in accrued salaries in future years must be funded in the school districts' annual budgets.

The committee determined that this funding requirement results in school districts raising additional revenues from the property tax, which are not needed for salary payments until the following year, and that the amounts needed to fund the accruals will grow steadily since accrued salaries will increase.

The generation of these additional tax dollars, and the subsequent creation of a type of permanent and ever increasing reserve for salary payments, was thought to be unnecessary by the committee. Based upon its determinations, the committee adopted the following resolution which amends the 1979 interim committee motion:

That the motion of the 1979 Interim Committee on School Finance was intended to apply not only to the amount of accrued teachers' salaries which existed in 1979 but also to all subsequent increases in such amount; and, therefore, that no school district should be required to fund or to budget the liability for accrued salaries in the year of accrual but that such liability should be recorded in the fund balance equity section of the district's financial statement.

The resolution was transmitted to the Legislative Audit Committee. The full text of the committee's resolution is contained in Appendix A. A copy of the letter transmitted to Senator Tilman Bishop (Chairman, Legislative Audit Committee) from Senator Al Meiklejohn (Chairman, Committee on School Finance) on this subject is contained in Appendix B.

#### Findings

Because the thrust of the committee's basic charge was analytical in nature, and not directed toward the development of legislative recommendations for consideration by the 1981 Session of the General

Assembly, the committee adopted the following findings with respect to: 1) the effects of the reassessment of real property on school finance; 2) the combined effects of the passage of Senate Bill 25 (1978 session) and Senate Bill 11 (1980 session); and 3) the small attendance center formula. Explanations of each area, background data, and supporting research on each of the findings are included on pages 11 through 57 of this report.

#### Impacts of the Reassessment on School Finance

(See pages 50 through 57 of this report)

- 1) Under current law, the reassessment will result in a tax shift from agricultural land, natural resources property, and public utilities to residential, commercial, and industrial taxpayers.
- 2) Bill 1 -- Concerning Property Taxation -- recommended by the Committee on Finance will help to limit the property tax increases and tax shifts in non-school taxes which will occur because of the reassessment; however, some tax increases and tax shifts will occur.
- 3) The reassessment will significantly increase individual property taxes while decreasing state equalization support if the factors in the current formula are not changed.
- 4) The reassessment is expected to occur soon after the projected decision date in the Lujan case, and must be considered in any legislative response to the court's directives.
- 5) The current school finance formula can be utilized to ameliorate the increases in total property tax liabilities which could otherwise be expected as a result of the reassessment.

#### Effects of Senate Bill 25 and Senate Bill 11

(See pages 11 through 39 of this report)

##### Property tax effects:

- 6) Because of the passage of the two bills, property taxes collected in 1982 will be \$124.8 million less than would have been collected had the bills not passed.
- 7) The statewide average mill levy of 38.60 mills projected for 1982 is 8.86 mills lower than the mill levy for 1982 which would be anticipated if the bills had not passed.
- 8) The per capita percentage of income which is utilized to pay school district property taxes on an individual's residence is projected to decrease from 1.17 percent (which would have resulted had the bills not passed) to 0.95 percent because of

the passage of the bills.

- 9) Passage of those two bills has resulted in a narrowing of the dispersion of the school district general fund mill levies of the 181 school districts, thereby equalizing the property tax burden among the districts.

Equalization of ARB's:

- 10) Passage of Senate Bill 25 and Senate Bill 11 has resulted in a reduction of the authorized revenue base (ARB) disparity between the state's highest and lowest spending districts. Had they not been passed, the disparity would have been \$2,747 in 1982; the anticipated disparity resulted from the passage of the bills is \$1,813, a reduction in the amount of disparity of thirty-four percent.
- 11) Had these bills not passed, the disparity in 1982 between the lowest ARB district and the state average ARB would have been \$516. The 1982 disparity between the lowest ARB district and the statewide average ARB with Senate Bill 25 and Senate Bill 11 is anticipated to be \$197 -- a reduction of 61.8 percent in disparity.
- 12) The flat dollar ARB increase approach utilized by Senate Bill 11 and Senate Bill 25 has resulted in holding the high ARB districts to lower ARBs than would otherwise have resulted, while the minimum ARB provision has increased lower ARB districts more rapidly than they would have increased without them.
- 13) From 1979 through 1982, the absolute dollar disparity between the high and low ARB districts will not be materially reduced, but: a) a significantly greater number of districts will be concentrated near the state average ARB in 1982; and b) the amount of disparity as a percentage of the highest ARB will be significantly reduced over the period.

Transportation formula:

- 14) The revision to the transportation formula enacted by Senate Bill 11 increased the percentage of total current operating expenses reimbursed by the state for 1980 from approximately thirty-eight percent to 57.5 percent.
- 15) To stabilize the percentage of total expenses reimbursed by the state at current levels, the transportation formula would need further modification for 1981.

### Small Attendance Center Aid

(See pages 47 through 50 of this report)

- 16) The pupil weight tables utilized in the small attendance center law appear to over compensate secondary small attendance centers as opposed to primary small attendance centers.
- 17) The graduated steps within the pupil weight tables appear to create a "sawtooth" effect whereby the addition of one pupil to a center can actually reduce the district's small attendance center revenues under the law.
- 18) The administrative organizational patterns of districts and the twenty mile provision, create the possibility of a district losing all or a portion of its small attendance center aid because of a change in the administrative organization of a nearby district.
- 19) The possibility of the loss of small attendance center aid due to consolidation of two or more school districts appears to discourage school district reorganization.
- 20) The small attendance formula should be examined in detail during the 1981 legislative interim.

**BACKGROUND REPORT**

## BACKGROUND REPORT

The background data developed by the committee is presented in three major sections in the following order:

- 1) an analysis of the combined effects of SB 25 (1978 Session) and SB 11 (1980 Session);
- 2) an analysis of the impacts of the reassessment of real property on school finance under HB 1452, 1977 Session; and
- 3) a summary of the status of the state's appeal of the Lujan case.

### Analysis of the Effects of SB 25 and SB 11

As background information on the committee's analysis of the combined effects of the passage of SB 25 (1978 Session) and SB 11 (1980 Session), this section of the report summarizes the state's current school finance formula under the major provisions of SB 25 and SB 11, reviews the costs thereof, and assesses the impact of the bills on: a) property taxes; b) equalization of the authorized revenue base; c) state reimbursements under the transportation formula; d) the current limitation relating to the counting of kindergarten pupils; and e) areas of continuing concern.

### The Current Act -- How It Works

History. The Constitution of the State of Colorado states that the General Assembly shall "provide for the establishment and maintenance of a thorough and uniform system of free public schools throughout the state". Prior to 1973, Colorado's school finance act was a "foundation" program, meaning the state guaranteed revenues to a set level per pupil in an attempt to ensure the existence of a basic minimum program of education in each district of the state. In 1972, a legislative interim committee recommended the state's current school finance method -- the Public School Finance Act of 1973.

Goals of the Act. The first major goal of that act is to increase educational opportunity by ensuring that adequate funds are available to meet educational needs and to prevent educational opportunity from being solely a function of local property tax. Second, the act attempts to address problems with the local property tax. In particular, the provisions of the act reduce property taxes to a lower level, provide for a more equally distributed property tax burden throughout the state, and limit increases in subsequent tax bills.

General Theory. The theory adopted to meet these goals is a modified "power equalization" formula. Under this program, the state guarantees that each district will be able to raise a minimum number of dollars per pupil for each mill levied. For 1980, this level is

\$45.85 per mill per pupil and the state makes up the difference between what the district can raise on its own from the property tax per mill per pupil and the guaranteed level.

In addition to equalizing the revenue raising abilities of each district on a per pupil basis, a provision was enacted to equalize expenditures among the districts. Under this provision, an authorized revenue base (ARB) was established for each district. The ARB was defined to be the sum of the district's 1973 property tax plus the state's foundation program revenues. In an effort to narrow the variation between district revenues, for 1974 through 1977, the district's authorized revenue base was determined by allowing a percentage increase over the previous year, with lower spending districts granted a greater percentage increase than the higher spending districts. For 1978 and subsequent years, ARB increases are provided at fixed dollar levels.

Both of these provisions also aid in meeting goals for reforming the property tax. The equalization of the revenue raising abilities of each district's mill levy have the effect of reducing the variation in mill levies among the districts and bringing tax rates more closely in line with state averages. Second, the restriction on increased spending under the authorized revenue base program works to limit increases in local school district expenditures from year to year and, as a side benefit, to limit property tax increases. Most importantly, along with enactment of the new financing formula, state aid to school districts was increased almost \$120 million from 1973 to 1974; an overall percentage increase in the state's share of the total local school district general fund expenditures from 28 percent (1973) to 42 percent (1974). This reduced average school district general fund mill levies from 52.69 mills in 1973 to 37.67 mills in 1974 (projected at 37.12 mills in 1980).

A related provision of the equalization formula was also adopted to reduce property taxes. Because the assessed value of some districts of the state was high enough so that all of the revenue guaranteed per pupil per mill by the state could be raised locally, a special provision was added giving a "minimum" amount of state aid to each such district for each pupil for each mill levied. As a result, property taxes in these districts were reduced. Also as a result of this provision, while nearly 80 of the state's 181 districts qualified under the minimum guarantee, only one district received less state aid in 1974 than 1973.

Authorized Revenue Base. As previously mentioned, the act funds each district on the basis of its "authorized revenue base" (ARB), which is defined to be the sum of the district's general fund property tax revenues and the state's equalization payments, per eligible pupil, for the year preceding the budget year. A percentage factor was then applied to the previous year's ARB to determine the new ARB to be funded by the state and local school district. By 1978, the percentage tables were allowing high ARB districts larger ARB increases than low ARB districts, so for 1978, each district's ARB was

determined by adding \$120 to its 1977 ARB instead of continuing the percentage factor. SB 25 specified that school district ARBs be determined as follows for the 1979 through 1982 budget years: for 1979, each district's ARB was determined by adding \$130 to its 1978 ARB; for 1980, \$140 was added to each district's 1979 ARB; for 1981, \$150 will be added to each district's 1980 ARB; and for 1982, \$160 will be added to each district's 1981 ARB.

In addition, SB 25 and SB 11 provided that no district be required to have an ARB lower than the following levels for the years specified:

| <u>Budget Year</u> | <u>Minimum ARB</u> |
|--------------------|--------------------|
| <u>SB 25</u>       |                    |
| 1979               | \$1,400            |
| 1980               | 1,600              |
| 1981               | 1,800              |
| <u>SB 11</u>       |                    |
| 1982               | 2,000              |

In effect, this allows the lower spending districts to increase their ARBs at the yearly rate of a \$200 minimum level while other districts are restricted to lesser rates. This is intended to narrow the disparity in per pupil revenues between districts.

Attendance Entitlement. While the authorized revenue base is the maximum level of expenditure permitted per eligible pupil, a school district may raise revenue for expenditure only for a specified number of eligible pupils, this is referred to as attendance entitlement. A district's ARB multiplied by its attendance entitlement determines its total revenues for the budget year. The attendance entitlement is determined on the basis of average daily attendance during a special four week counting period ending the fourth Friday of October preceding the budget year. (A special provision is available for full year programs; this allows for a four week counting period ending about two months after the start of the twelve month school year.)

To soften the financial consequences to districts with rapidly declining enrollments, a district is permitted to utilize the average daily attendance for the year preceding the budget year, the second year preceding the budget year, or an average of the three years preceding the budget year as its attendance entitlement. In addition, to mitigate the impacts of excessive or unusual absenteeism during the counting period on a district's revenue, districts are permitted to utilize ninety-six percent of their enrollments in lieu of the average daily attendance figure in computing their attendance entitlement.

State Guarantee. After calculation of each district's ARB, or how much revenue is to be available per pupil, the amount of state revenue and local revenue sources is computed. That is, to help



equalize the tax generating resources of each district, the act provides for a "state guarantee" level of revenue for each mill levied by each district for each eligible pupil. SB 25 and SB 11 specified the following state guarantee levels for the 1979 through 1982 budget years:

| <u>Year</u> | <u>Guarantee</u> |
|-------------|------------------|
| SB 25       |                  |
| 1979        | \$42.25          |
| 1980        | 45.85            |
| SB 11       |                  |
| 1980        | \$49.51          |
| 1981        | 53.37            |

Minimum Guarantee. In order that all districts may share in state education support and benefit from the property tax relief offered, the act contains a minimum aid provision that guarantees that each district will receive a minimum of \$11.35 per mill per eligible pupil, even if local revenues are sufficient to raise more than the difference between the minimum and the state guaranteed level of support. Furthermore, if the mill levy of the district, computed at the \$11.35 minimum guarantee level, exceeded 20 mills, the district could have received up to \$13.35 per mill per pupil of state support in 1980. Again, to compute the mill levy required to raise the amount of state and local revenues necessary to fund the district's ARB, the ARB is divided by the state guarantee, in this instance the sum of local revenue capabilities per mill per pupil plus \$11.35.

For example, if a district's ARB is \$1,600 per pupil, and local revenues will raise \$35.00 per pupil per mill, the ARB is divided by the sum of the district's local revenue raising capability per mill per pupil and the minimum guarantee, or \$35.00 plus \$11.35 (\$46.35). This computes a mill levy of 34.52 mills necessary to raise the appropriate amount of state and local funds to equal the district's ARB. Since, in this instance, the mill levy computed at the \$11.35 minimum guarantee level (34.52 mills) exceeds 20 mills, the district qualifies for a minimum guarantee level of \$13.35 per mill per pupil, and the mill levy is recomputed as follows: the local district revenue raising capability (\$35.00 per mill) is added to the alternate minimum guarantee level (\$13.35) and the sum (\$48.35) is divided into the district's ARB (\$1,600). The new mill levy is then computed to be 33.09 mills (\$48.35 per mill per pupil times 33.09 mills equals the ARB OF \$1,600 per pupil.)

State/Local Share. The local share per mill per pupil is equal to the amount that can be raised from the district's property tax base per mill, divided by the number of eligible pupils. The state's share per mill per pupil is equal to the difference between the amount that the local property tax can raise and the state guarantee. For example, if the local tax base can raise \$15.00 per mill per pupil and the state guarantee is \$45.85, the state's share is \$30.85. For those

districts whose local tax base is sufficient to raise more than \$34.50 per mill per pupil, (thus would receive less than \$11.35 under the state guarantee per mill of \$45.85), the state's share is \$11.35 per mill per pupil. The total expenditure per pupil is the ARB. The total local share per pupil is the local share per mill times the mill levy. The total state share per pupil is the state share times the mill levy. Together, the total state and local shares per pupil are equal to the authorized revenue base.

Example Calculation. The following hypothetical example illustrates the calculation sequence for a school district funded under the state guarantee of \$45.85 per pupil per mill for 1980.

#### Authorized Expenditures Per Pupil

|   |                   |
|---|-------------------|
| 1979 Authorized Revenue Base (ARB)        | \$1,694.00        |
| plus statutorily allowed increase         | 140.00            |
| equals 1980 authorized revenue base (ARB) | <u>\$1,834.00</u> |

#### Eligible Pupils

|                                    |       |
|------------------------------------|-------|
| Fall 1977 average daily attendance | 1,330 |
| Fall 1978 average daily attendance | 1,250 |
| Fall 1979 average daily attendance | 1,200 |
| Three year average                 | 1,260 |

Since the three year average is the largest eligible figure, the attendance entitlement equals 1,260

#### District Mill Levy

|   |                    |
|---|--------------------|
| 1980 ARB                                      | \$1,834.00         |
| divided by state guaranteed revenue per pupil | 45.85              |
| equals <u>District general fund mill levy</u> | <u>40.00</u> mills |

#### State and Local Shares Per Pupil

##### Local Share:

|  |                       |
|--|-----------------------|
| Local valuation for assessment               | \$18,900,000.00       |
| divided by attendance entitlement (AE)       | 1,260.00              |
| equals assessed valuation per AE             | <u>\$ 15,000.00</u>   |
| times one mill                               | .001                  |
| equals <u>Local share per mill per pupil</u> | <u>\$ 15.00</u>       |
| times district mill levy                     | <u>\$ 40.00</u> mills |
| equals <u>Local share per pupil</u>          | <u>\$ 600.00</u>      |

##### State Share:

|                                    |          |
|------------------------------------|----------|
| State guaranteed revenue per pupil | \$ 45.85 |
|------------------------------------|----------|

|  |    |          |       |
|--|----|----------|-------|
| minus local revenue per mill per pupil       | \$ | 15.00    |       |
| equals <u>State share per mill per pupil</u> | \$ | 30.85    |       |
| times <u>district mill levy</u>              | \$ | 40.00    | mills |
| equals <u>State share per pupil</u>          | \$ | 1,234.00 |       |

### Total State and Local Shares

#### Local Share:

|                                 |    |            |
|---------------------------------|----|------------|
| Local share per pupil           | \$ | 600.00     |
| times attendance entitlement    | \$ | 1,260.00   |
| equals <u>Total local share</u> | \$ | 756,000.00 |

#### State Share:

|                                 |    |              |
|---------------------------------|----|--------------|
| State share per pupil           | \$ | 1,234.00     |
| times attendance entitlement    | \$ | 1,260.00     |
| equals <u>Total state share</u> | \$ | 1,554,840.00 |

### Total Revenues

|   |    |              |
|---|----|--------------|
| Total state share                         | \$ | 1,554,840.00 |
| plus total local share                    |    | 756,000.00   |
| equals <u>Total General Fund Revenues</u> | \$ | 2,310,840.00 |

Several additional special features of the "Public School Finance Act of 1973" are aimed at particular problem areas not addressed by the above-outlined general formula. These special features are described below.

Increases in ARB Above Allowed Level. In recognition of the fact that special conditions can arise causing a school district to need more revenue than might be authorized, the act allows districts to request an increase in their authorized revenue base from a special "State School District Budget Review Board" composed of the Lt. Governor, State Treasurer, and Chairman of the State Board of Education. Any such increase that might be allowed is not included in the district's authorized revenue base for computation of the district's state aid in the first year only. The district's mill levy and state and local share would be computed in the normal manner, exclusive of the increase, and then an additional computation would be made to determine the increase in the local mill levy necessary to fund the increase. As a result, the increase is entirely locally funded for the first year, but for subsequent years the increase is included in the district's authorized revenue base and the state share is determined in the manner described above.

The district may also, by a vote of the people, increase its revenue base if a requested increase is not granted by the review board or if the board grants a lesser increase than it believes is needed. Such a vote can only be taken after the requested increase

has been either totally or partially denied by the state review board and, again, the state does not participate in funding the increase until the second year when it becomes a normal portion of the district's authorized revenue base.

Density Factor. The 1973 School Finance Act was amended (by SB 25) in 1978 to provide that if a district's attendance entitlement is greater than 50,000, and it averages more than 500 pupils per square mile of pupil density, it qualifies for one hundred seven and one-half percent of the state guarantee. For 1980, if a district meets the requirements of the density factor, it would receive a state guarantee of \$49.29 (\$45.85 times 107 1/2% equals \$49.29). Since a district's mill levy is determined by dividing its ARB by the state guarantee, increases in the state guarantee will have the overall effect of lowering the mill levy in a qualifying district.

Declining Enrollments. Another provision of the act relates to districts that have declining enrollments. In recognition of the fact that costs do not necessarily decrease in direct proportion to small decreases in enrollment, optional methods of determining the number of pupils used to determine a district's funding are provided. Although normally the average daily attendance count made in the fall preceding the budget year is utilized, districts with declining enrollments may use the count for the second preceding year, or an average of the three preceding years, if these numbers are larger. This provision inflates the number of students funded over those in actual attendance during the current year and provides a bonus in state and local funds to such districts to allow a longer phase-down of expenditures.

Increasing Enrollments. A special provision was enacted in 1977 to provide additional aid to districts with increasing enrollments during a budget year. For any district with an increase in its attendance entitlement of greater than three percent or 350 pupils, whichever is less, the state provides a special payment equal to 40 percent of the district's authorized revenue base for the budget year for each pupil exceeding the lesser of the three percent or 350 pupil increase. Attendance entitlement changes are measured during a district's normal counting period.

Small Attendance Centers. The 1973 School Finance Act continued a special provision providing additional state aid to districts with small attendance centers. Small attendance centers are defined by the act to be elementary or secondary schools with enrollments of less than 175 pupils, and located at least 20 miles from the nearest other such center. Additional state funding is allowed for the small attendance centers based on a statutory formula. A more detailed explanation and analysis of the small attendance center provision is contained on pages 47 through 50.

Aid to Districts with Low Income Pupils. A new general aid provision to the act was enacted in 1977 to provide aid to districts with high concentrations of pupils from low income families. To be eligible, the number of children from low income families in a dis-

trict must exceed 15 percent of its attendance entitlement. The aid is \$125 per year for each such pupil exceeding 15 percent of the district's attendance entitlement. The mechanism used to determine the number of students from low income families is the number counted under Title I of the Federal Elementary and Secondary Education Act.

Costs of SB 25 and SB 11

Table I compares the effects of SB 25 and SB 11 with the 1973 School Finance Act had it not been changed. The costs of the two bills in terms of fiscal year appropriations, total program costs, state equalization and property tax costs, and statewide average mill levies are shown. In addition, the table details various components of the bills such as the minimum ARB, the maximum ARB increase, the density factor, and the state guarantee, minimum guarantee, and alternate minimum guarantee levels.

TABLE I

## School Finance Cost Comparison

| Calendar Year  | Fiscal Year<br>App. Reqmt.<br>(Millions) | COSTS                         |                               |                                  |              | FEATURES       |                            |                            |                |                  |
|--|--|-------------------------------|-------------------------------|----------------------------------|--------------|----------------|----------------------------|----------------------------|----------------|------------------|
|  |  | State<br>Equal.<br>(Millions) | Property<br>Tax<br>(Millions) | Total<br>Program<br>Cost (Mils.) | Mill<br>Levy | ARB<br>Minimum | ARB<br>Maximum<br>Increase | Percent<br>Density<br>Adj. | State<br>Guar. | Minimum<br>Guar. |
| <u>w/o SB 25,11</u>  |  |                               |                               |                                  |              |                |                            |                            |                |                  |
| 1979   | FY 78-79<br>\$360,740                    | \$383,295                     | \$485,808                     | \$ 869,103                       | 42.17        | \$ --          | 7%                         | --                         | \$35.00        | \$ 11.35         |
| 1980   | FY 79-80<br>356,796                      | 375,097                       | 546,743                       | 921,840                          | 44.02        | --             | 7%                         | --                         | 35.00          | 11.35            |
| 1981   | FY 80-81<br>343,581                      | 368,097                       | 607,908                       | 976,005                          | 45.95        | --             | 7%                         | --                         | 35.00          | 11.35            |
| 1982   | FY 81-82<br>324,631                      | 370,466                       | 668,609                       | 1,039,975                        | 47.46        | --             | 7%                         | --                         | 35.00          | 11.35            |
| <u>With SB 25</u>  |  |                               |                               |                                  |              |                |                            |                            |                |                  |
| 1979   | FY 78-79<br>398,904                      | 459,622                       | 446,539                       | 906,161                          | 35.61        | 1,400          | \$130                      | 7.5%                       | 42.25          | 11.35/12.35      |
| 1980   | FY 79-80<br>457,461                      | 500,100                       | 486,473                       | 986,573                          | 37.12        | 1,600          | 140                        | 7.5%                       | 45.85          | 11.35/13.35      |
| <u>With SB 11</u>  |  |                               |                               |                                  |              |                |                            |                            |                |                  |
| 1981   | FY 80-81<br>495,426                      | 546,785                       | 510,745                       | 1,057,530                        | 38.61        | 1,800          | 150                        | 7.5%                       | 49.51          | 11.35/14.41      |
| 1982   | FY 81-82<br>526,798                      | 596,111                       | 543,816                       | 1,139,927                        | 38.60        | 2,000          | 160                        | 7.5%                       | 53.37          | 11.35/15.53      |
| <u>Increase<br/>(Decrease)<br/>SB 25 &amp; SB11<br/>Over Act</u> |  |                               |                               |                                  |              |                |                            |                            |                |                  |
| 1979   | 38,164                                   | 76,327                        | (39,269)                      | 37,058                           | (6.56)       | --             | --                         | --                         | 7.25           | 0/1.00           |
| 1980   | 100,665                                  | 125,003                       | (60,270)                      | 64,733                           | (6.90)       | --             | --                         | --                         | 10.85          | 0/2.00           |
| 1981   | 151,845                                  | 178,688                       | (97,163)                      | 81,525                           | (7.34)       | --             | --                         | --                         | 14.51          | 0/3.06           |
| 1982   | 202,167                                  | 225,645                       | (124,793)                     | 100,852                          | (8.86)       | --             | --                         | --                         | 18.37          | 0/4.18           |

## Property Tax Effects of the Bills

On the basis of the foregoing table, by 1982, total statewide school district general fund property tax collections are projected to be nearly \$125 million lower than they would have been if neither SB 25 nor SB 11 had been passed. In addition, the statewide average mill levy for school district general fund purposes is expected to be nearly 9 mills lower in 1982 than it would have been without passage of the bills.

Two additional methods of examining the impacts of the bills on property taxes are to: 1) analyze the effects of the bills on the average amount of an individual's income utilized to pay school district general fund taxes on his residence; and 2) investigate the impacts of the bills on the individual mill levies of the state's 181 school districts.

Residential School General Fund Property Taxes as a Percentage of Per Capita Adjusted Gross Income. Table II and the chart on page 22 indicate the average residential school general fund property tax burden as a percentage of per capita adjusted gross income (AGI) from 1972 to 1982. The 1981 and 1982 figures are based on projections which assume 12.4 percent growth in AGI in 1981 and 13.0 percent growth in AGI in 1982.

The 1972 and 1973 percentages of 1.46 and 1.43 reflect the average residential school general fund property tax burden as a percentage of per capita adjusted gross income for the two years prior to the effective date of the 1973 Public School Finance Act. With the 1973 act in effect, the next five years, 1974 through 1978, show a smaller percentage of the AGI being used to pay for the public school general fund property tax. Beginning in 1979 two sections are shown on each bar. The shaded portion of each bar corresponds to the bars shown for prior years. The unshaded portions indicate the percentage levels which would have occurred without the passage of SB 25 or SB 11. Senate Bill 25 (1978 Session) decreased the percentage from 1.2 percent without passage of the bill to 1.10 percent in 1979 and from 1.22 percent without passage of the bill to 1.08 percent in 1980. Projections for 1981 indicate that 1.20 percent of adjusted gross income would be the average residential school general fund property tax burden without SB 25 (1978 Session) and SB 11 (1980 Session). This percent is decreased to 1.01 percent in the 1981 projections with the enactment of SB 25 and SB 11. For 1982, 1.17 percent is the projected tax burden without SB 25 and SB 11, however, this is reduced to .95 percent when the effects of SB 25 and SB 11 are considered.

TABLE II

Residential School General Fund Property Taxes as a Percentage  
of Per Capita Adjusted Gross Income

|                          | (1)                             | (2)  | (3)  | (4)  | (5)  | (6)                       | (7)                     |
|--------------------------|---------------------------------|--|--|--|--|---------------------------|-------------------------|
| <u>Calendar<br/>Year</u> | <u>Estimated<br/>Population</u> | <u>General Fund<br/>Property Taxes<br/>for Schools</u> | <u>% Residential<br/>of Total<br/>Assessed Val-<br/>uation</u> | <u>Per Capita<br/>Residential<br/>Property Taxes<br/>for Schools</u> | <u>Adjusted Gross In-<br/>come Statewide</u> | <u>Per Capita<br/>AGI</u> | <u>% (4) of<br/>(6)</u> |
| 1972                     | 2,437,000                       | \$293,353,909  | 41.62%   | \$50.10  | \$ 8,356,155,225                             | \$3,428.87                | 1.46%                   |
| 1973                     | 2,526,600                       | 315,495,123  | 42.84  | 53.49  | 9,463,702,726                                | 3,745.63                  | 1.43                    |
| 1974                     | 2,534,000                       | 254,380,550  | 44.45  | 44.62  | 10,633,957,084                               | 4,196.51                  | 1.06                    |
| 1975                     | 2,575,000                       | 345,722,501  | 44.63  | 58.71  | 10,884,618,626                               | 4,227.04                  | 1.39                    |
| 1976                     | 2,636,000                       | 354,756,472  | 43.86  | 59.03  | 12,126,989,767                               | 4,600.53                  | 1.28                    |
| -21- 1977                | 2,664,000                       | 411,964,608  | 45.40  | 70.20  | 13,613,245,185                               | 5,110.08                  | 1.37                    |
| 1978                     | 2,716,000                       | 437,852,566  | 44.82  | 72.26  | 16,308,143,916                               | 6,004.47                  | 1.20                    |
| 1979                     | 2,791,325                       | 446,539,609  | 45.32  | 72.50  | 18,330,353,761 <u>1/</u>                     | 6,556.90                  | 1.10                    |
| 1980                     | 2,864,420                       | 486,473,728  | 46.17  | 78.41  | 20,713,299,750 <u>2/</u>                     | 7,231.23                  | 1.08                    |
| 1981 (Proj)              | 2,927,899                       | 510,745,000  | 46.17  | 80.53  | 23,406,028,717 <u>2/</u>                     | 7,994.14                  | 1.01                    |
| 1982 (Proj)              | 2,998,816                       | 543,816,000  | 46.17  | 83.72  | 26,448,812,450 <u>2/</u>                     | 8,819.75                  | 0.95                    |

1/ Assumes 12.4% growth in AGI.

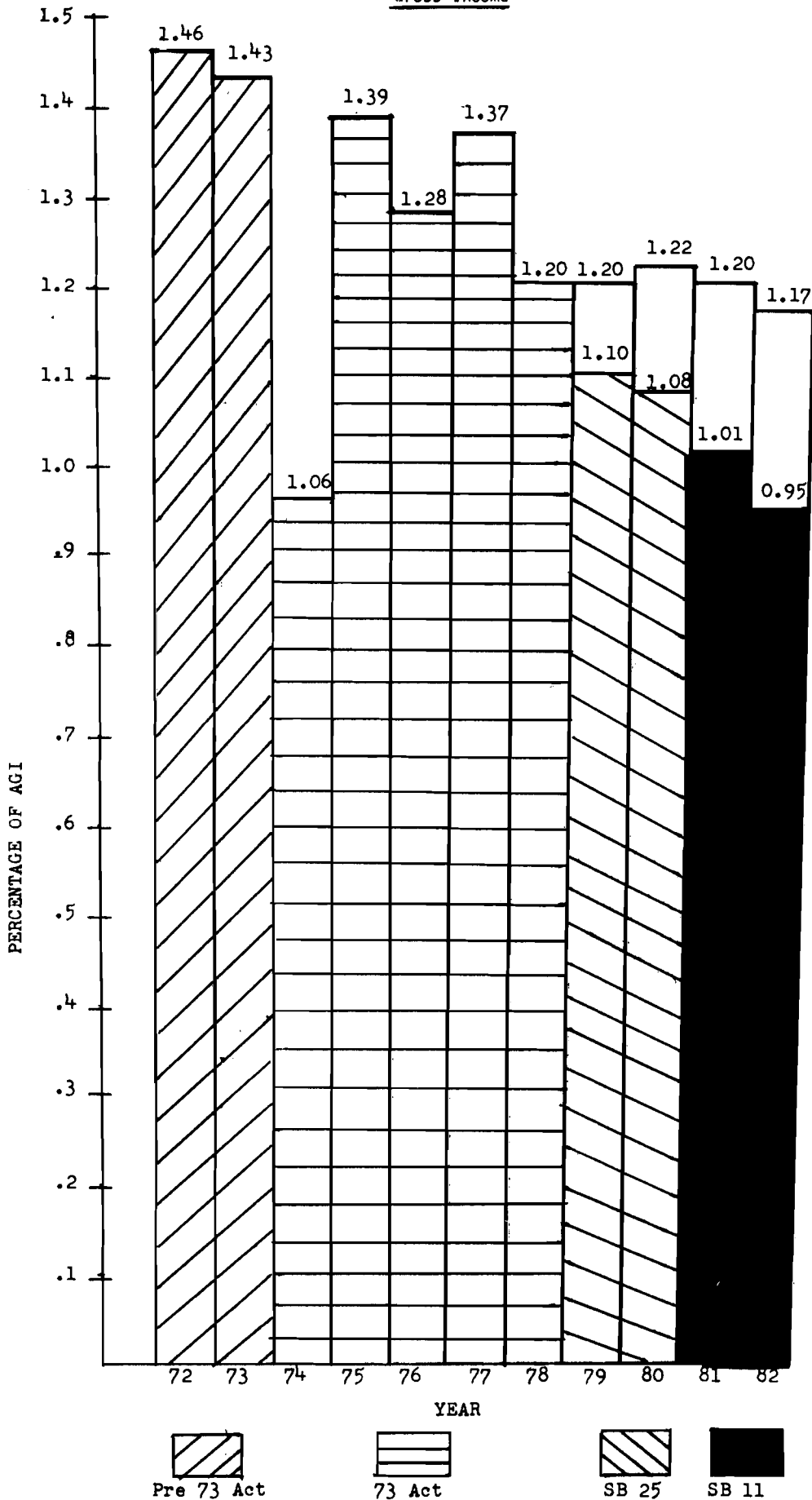
2/ Assumes 13.0% annual growth in AGI.



Residential School Property Tax

As A Percentage Of Adjusted

Gross Income



Distribution of School District Mill Levies. The following chart depicts, for 1978, 1980, and 1982, the distribution of school district general fund mill levies of the state's 181 school districts. For each year, two distributions are shown. First, the most vertical distribution shows the mill levies which are anticipated due to the passage of SB 25 and SB 11. Second, the more horizontal distribution shows the mill levies which would have occurred had no state aid been provided the districts.

The second, more horizontal distribution assumes that authorized revenue bases (ARB's) would remain the same as under SB 25 and SB 11, but the ARB of each district would be totally funded through local property tax resources. This distribution was plotted only to determine whether the rate of ARB growth is anticipated to increase more rapidly than the rate of local property value. Hence, if ARB growth is less than growth of property value, the mills levied would become fewer each year, and the lines would show a gradual movement toward the left of the chart and the mill levy range would become more narrow over the period. If, however, the ARB growth is greater than the growth in property values, mills levied to fund the ARB would become greater, and the lines would indicate movement to the right of the chart and become more widely dispersed.

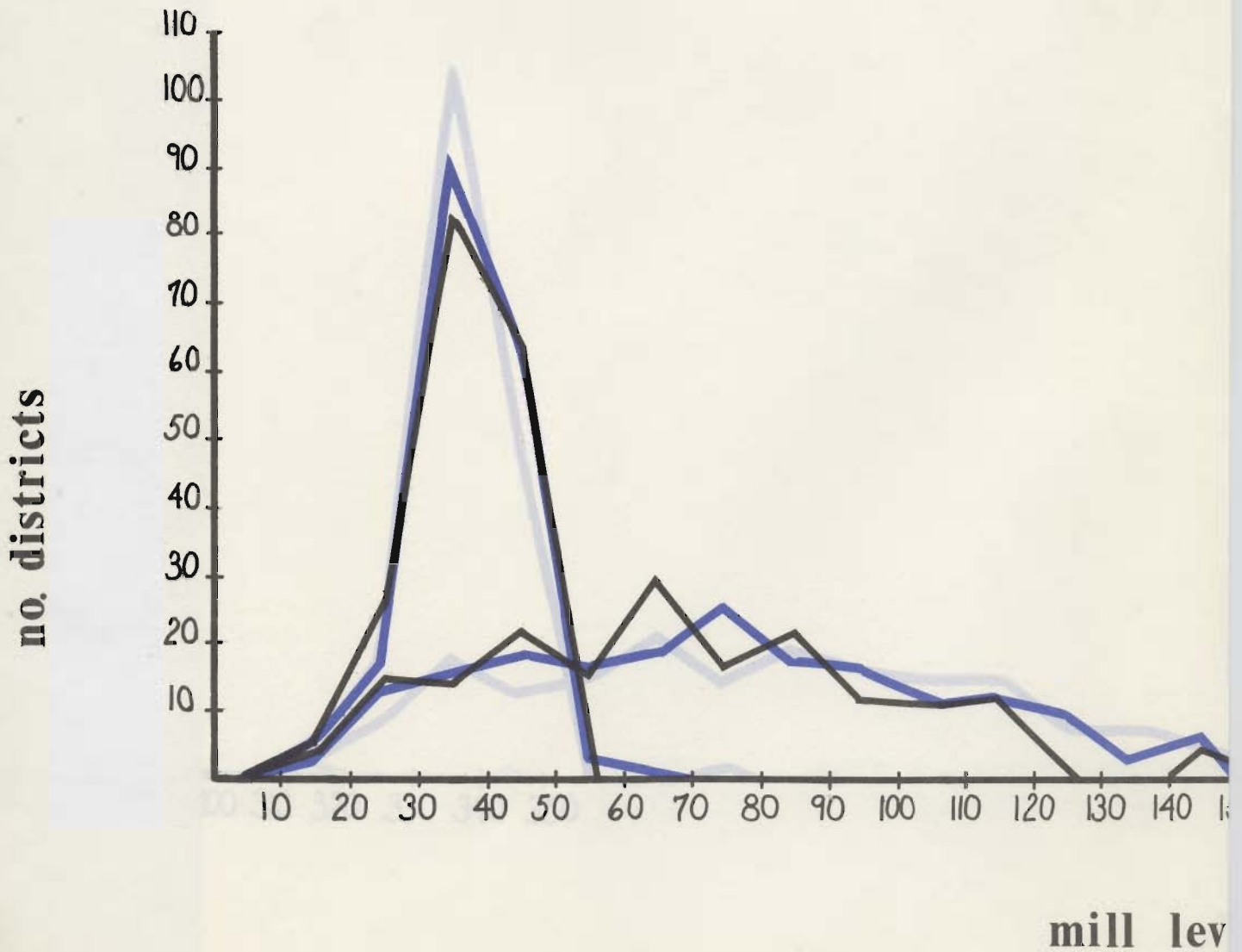
The horizontal distribution is intended only to provide a general frame of reference against which to evaluate the trends on the more vertical distribution. For example, if the vertical distributions were to show a progressive decrease and narrowing of the mill levy range, and the horizontal distributions were to show the same tendency, the decrease and narrowing in expected mill levies would appear to be more attributable to low ARB growth and high growth in property values than the effects of SB 25 and SB 11. However, if the vertical distribution shows a decrease and narrowing of the mill levies' range over the period, and the horizontal distribution shows an increase and dispersion of mill levies, it can be concluded that SB 25 and SB 11 caused the mill levy decreases in spite of the fact that ARBs grew faster than property values.

In conclusion, the chart shows a decrease in school district general fund mill levies, and a tendency for the levy range to become more narrow over the period 1978 through 1982. This demonstrates an equalization of tax effort occurring over the period. This equalization of tax effort is expected to occur in spite of the fact that ARB growth is expected to exceed growth in property values, that is, in spite of the natural tendency for the mill levies to grow and become more widely dispersed. Hence, the effects of SB 25 and SB 11 not only show a neutralization of the natural tendency for mill levy growth and dispersion but also a reversal of the trend.

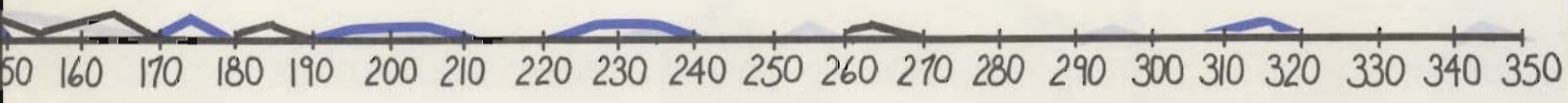
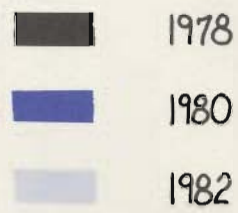
#### ARB Equalization Effects of the Bills

Reduction of ARB Disparities. Table III compares the effects of the two bills on the state's highest spending district, lowest spending district, and the statewide averages. Compared are the

# DISTRIBUTION OF SCHOOL DISTRICT WITHOUT S



# GENERAL FUND MILL LEVIES WITH AND STATE AID



ies

TABLE III

## Comparison Of ARB Range -- SB 25, SB 11, And Act With No Changes

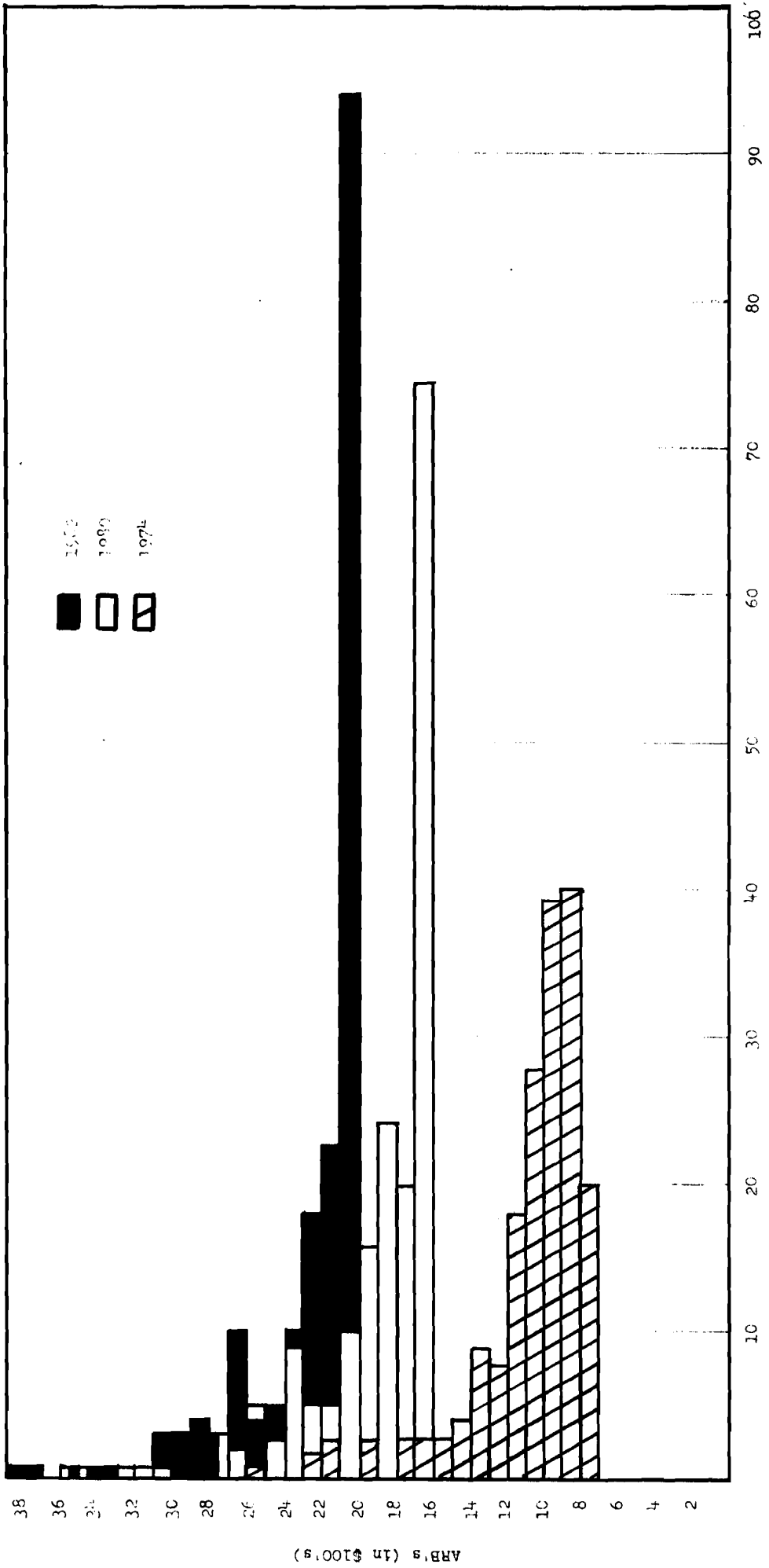
|   | Highest Spending District |           |         | Lowest Spending District |           |        | State Ave. District |           |        |
|---|---------------------------|-----------|---------|--------------------------|-----------|--------|---------------------|-----------|--------|
|   | District                  | ARB       | Mills   | District                 | ARB       | Mills  | ARB Disparity       | ARB       | Mills  |
| <u>Without SB 25 &amp; SB 11</u>                          | Washington                |           |         | La Plata                 |           |        |                     |           |        |
| 1979  | Lone Star                 | \$3455.88 | 58.99   | Bayfield                 | \$1213.56 | 33.56  | \$2242.32           | \$1638.72 | 42.17  |
| 1980  | "                         | 3697.79   | 68.62   | "                        | 1298.51   | 34.31  | 2399.28             | 1752.48   | 44.02  |
| 1981  | "                         | 3956.63   | 80.19   | "                        | 1389.41   | 35.05  | 2567.22             | 1873.57   | 45.95  |
| 1982  | "                         | 4233.60   | 93.34   | "                        | 1486.67   | 36.14  | 2746.93             | 2002.89   | 47.46  |
| <u>With SB 25</u>   |                           |           |         |                          |           |        |                     |           |        |
| 1979  | "                         | 3363.61   | 56.45   | "                        | 1400.00   | 33.11  | 1963.61             | 1748.43   | 35.61  |
| 1980  | "                         | 3503.40   | 62.60   | "                        | 1600.00   | 34.90  | 1903.40             | 1901.96   | 37.12  |
| <u>With SB 11</u>   |                           |           |         |                          |           |        |                     |           |        |
| 1981  | "                         | 3653.40   | 69.72   | "                        | 1800.00   | 36.36  | 1853.40             | 2030.05   | 38.61  |
| 1982  | "                         | 3813.40   | 71.45   | "                        | 2000.00   | 37.47  | 1813.40             | 2197.25   | 38.60  |
| <u>Increase (Decrease)</u><br>SB 25 and SB 11 over<br>Act |                           |           |         |                          |           |        |                     |           |        |
| 1979  |                           | (92.27)   | (2.54)  |                          | 186.44    | (0.45) |                     | 109.71    | (6.56) |
| 1980  |                           | (194.39)  | (6.02)  |                          | 301.49    | 0.59   |                     | 149.48    | (6.90) |
| 1981  |                           | (303.23)  | (10.47) |                          | 410.59    | 1.31   |                     | 156.48    | (7.34) |
| 1982  |                           | (420.20)  | (21.89) |                          | 513.33    | 3.33   |                     | 194.36    | (8.86) |

impacts of SB 25 and SB 11 on the districts' authorized revenue bases (ARBs), and mill levies from 1979 through 1982.

The table indicates that the total difference between the state's highest ARB and the state's lowest ARB without the passage of the bills would have been \$2242.32 in 1979. Without passage of the bills, this disparity could be expected to increase to \$2746.93 by 1982. However, because of the adoption of SB 25, the 1979 disparity was reduced to \$1963.61, and because of the passage of SB 11, will be further reduced to \$1813.40 by 1982. This comprises a 34 percent reduction in disparity by 1982.

Clustering of ARBs. The chart on page 29 shows the number of school districts within each \$100 ARB range for the 1974, 1980, and 1982 school district budget years. Table IV shows the data upon which the chart is based. Although no reduction in the overall ARB disparity from 1974 to 1982 is visible on the chart, a higher number of districts are more tightly clustered in 1982 as opposed to 1974. This may reflect the effects of the minimum ARB provision (\$1,600 for 1980 specified in SB 25 and \$2,000 for 1982 specified in SB 11). In addition, the percentage of difference is reduced over the period.

Histogram of ARB Frequencies In 1974, 1980 And 1982



Number of District

TABLE IV

ARB Frequencies By Year

| <u>ARB Range</u>   | <u>No. of Districts Per Year</u> |             |             |
|--------------------|----------------------------------|-------------|-------------|
|                    | <u>1974</u>                      | <u>1980</u> | <u>1982</u> |
| Less than \$700    |                                  |             |             |
| \$700 to \$800     | 20                               |             |             |
| \$800 to \$900     | 40                               |             |             |
| \$900 to \$1,000   | 39                               |             |             |
| \$1,000 to \$1,100 | 27                               |             |             |
| \$1,100 to \$1,200 | 17                               |             |             |
| \$1,200 to \$1,300 | 7                                |             |             |
| \$1,300 to \$1,400 | 9                                |             |             |
| \$1,400 to \$1,500 | 4                                |             |             |
| \$1,500 to \$1,600 | 3                                |             |             |
| \$1,600 to \$1,700 | 3                                | 74          |             |
| \$1,700 to \$1,800 | 3                                | 20          |             |
| \$1,800 to \$1,900 |                                  | 24          |             |
| \$1,900 to \$2,000 | 3                                | 16          |             |
| \$2,000 to \$2,100 |                                  | 10          | 93          |
| \$2,100 to \$2,200 | 3                                | 5           | 23          |
| \$2,200 to \$2,300 | 2                                | 5           | 18          |
| \$2,300 to \$2,400 |                                  | 9           | 10          |
| \$2,400 to \$2,500 |                                  | 3           | 5           |
| \$2,500 to \$2,600 | 1                                | 5           | 4           |
| \$2,600 to \$2,700 |                                  | 2           | 10          |
| \$2,700 to \$2,800 |                                  | 3           | 3           |
| \$2,800 to \$2,900 |                                  |             | 4           |
| \$2,900 to \$3,000 |                                  |             | 3           |
| \$3,000 to \$3,100 |                                  | 1           | 3           |
| \$3,100 to \$3,200 |                                  | 1           |             |
| \$3,200 to \$3,300 |                                  | 1           |             |
| \$3,300 to \$3,400 |                                  |             | 1           |
| \$3,400 to \$3,500 |                                  | 1           | 1           |
| \$3,500 to \$3,600 |                                  | 1           | 1           |
| \$3,600 to \$3,700 |                                  |             |             |
| \$3,700 to \$3,800 |                                  |             | 1           |
| \$3,800 to \$3,900 |                                  |             | 1           |



Per Pupil Total School District Revenues. The authorized revenue bases of Colorado's 181 school districts comprises a large portion of their total general fund revenues. However, many other funding sources contribute to the per pupil general fund revenues of the districts. These funding sources include: 1) a variety of federal categorical and impact assistance grants; 2) a variety of state categorical formula assistance programs; and 3) specific ownership tax receipts and revenues provided by county sources.

The following two series of charts show the total general fund revenues per pupil for each of the state's 181 school districts. Each chart shows the districts rank ordered by attendance size beginning with the state's smallest attendance district. Attendance size is expressed in terms of average daily attendance (ADA) on the charts.

The first chart compares the years 1978 and 1981. The year 1978 was chosen for comparison because it was the final year prior to the year in which SB 25 became effective. The year 1981 was chosen for comparison because it was the final year in which SB 25 specified a minimum ARB.

The second chart compares the years 1980 and 1982. The year 1980 was chosen because it was the year immediately prior to the implementation of SB 11. The year 1982 was chosen because it is the final year for which SB 11 specifies a minimum ARB.

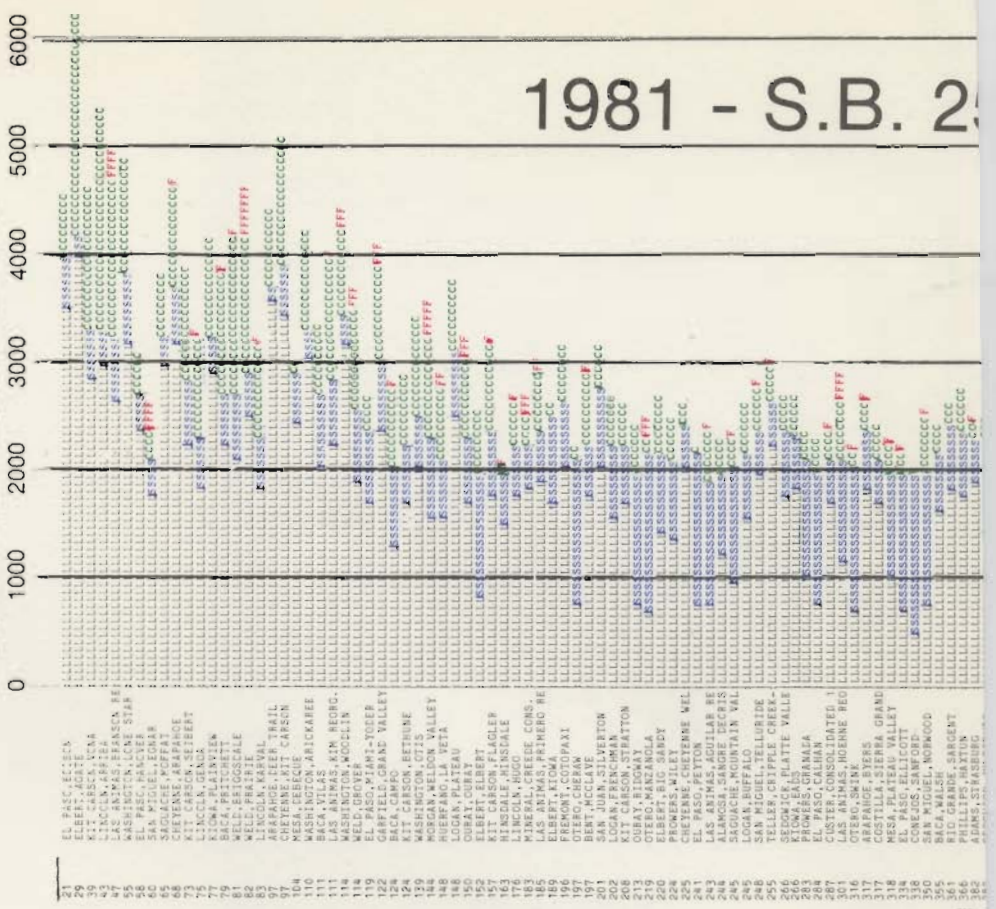
The funding sources for each district are indicated by color: red signifies federal funds; green signifies state categorical funds; blue signifies state equalization funds; and black signifies local property tax funds.

Generally, the charts show three trends. First, in each year an inverse correlation between school district attendance size and per pupil revenues is indicated. That is, generally, smaller school districts tend to receive larger total per pupil revenues. Conversely, larger attendance school districts tend to receive smaller total per pupil revenues.

Second, the charts show a gradual leveling of total per pupil revenues during the period. This leveling is primarily due to the minimum ARB provision which affects a larger number of districts each year. This is due to the fact that the minimum authorized revenue base (ARB) increases at a faster rate than other ARBs.

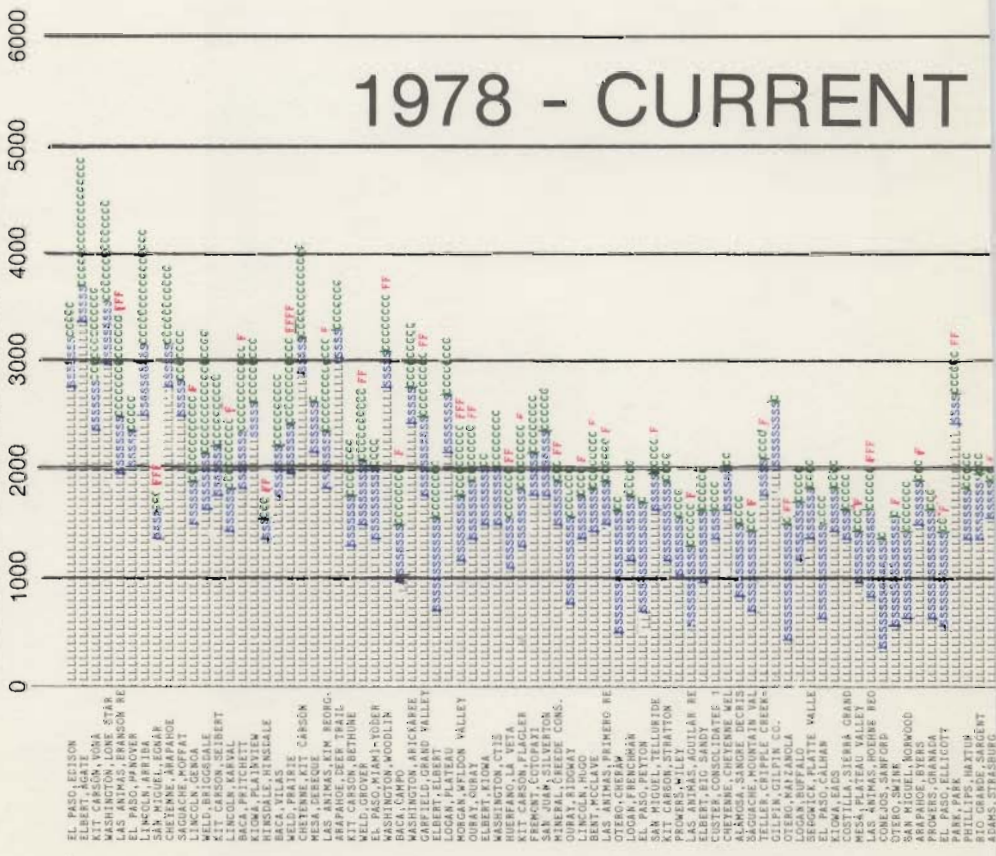
Third, an inverse relationship between state categorical funds and school district attendance size appears to exist. That is, smaller attendance districts tend to receive larger amounts of state categorical funds per pupil than larger attendance districts. This may be due, in part, to the small attendance center provision which is discussed later in this report.

DOLLARS BY REVENUE SOURCE - ADAE



DISTRICTS RANKED BY SIZE — ADAE (Coded by quartile)

DOLLARS BY REVENUE SOURCE - ADAE



DISTRICTS RANKED BY SIZE — ADAE (Coded by quartile)

21 EL PASO, LEBRON  
 22 ELBERT, AGUIAR  
 23 LAS ANIMAS, VILAS  
 24 WASHINGTON, ARBERA  
 25 LAS ANIMAS, BRANSON RE  
 26 EL PASO, HANOVER  
 27 SAN JUAN, PERDUE  
 28 SAN MIGUEL, EDGAR  
 29 SAGUACHE, WOFFAT  
 30 LINCOLN, CERVA  
 31 KIT CARSON, SEIBERT  
 32 BACA, WILAS  
 33 WELD, GROVER  
 34 WASHINGTON, WOODLIN  
 35 EL PASO, MARY-YOBER  
 36 WASHINGTON, ARICKAREE  
 37 ELBERT, ELBERT  
 38 HORNAN, WILSON VALLEY  
 39 ELBERT, KITOWA  
 40 WASHINGTON, OTIS  
 41 FLEMING, COTOPAXI  
 42 SAN JUAN, SILVERTON  
 43 OUNAY, BIDWAY  
 44 LINCOLN, HUGO  
 45 OTERO, CHAVI  
 46 OTERO, CHAVI  
 47 OTERO, CHAVI  
 48 OTERO, CHAVI  
 49 OTERO, CHAVI  
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101 EL PASO, LEBRON  
 102 ELBERT, AGUIAR  
 103 LAS ANIMAS, VILAS  
 104 WASHINGTON, ARBERA  
 105 LAS ANIMAS, BRANSON RE  
 106 EL PASO, HANOVER  
 107 SAN JUAN, PERDUE  
 108 SAN MIGUEL, EDGAR  
 109 SAGUACHE, WOFFAT  
 110 LINCOLN, CERVA  
 111 KIT CARSON, SEIBERT  
 112 BACA, WILAS  
 113 WELD, GROVER  
 114 WASHINGTON, WOODLIN  
 115 EL PASO, MARY-YOBER  
 116 WASHINGTON, ARICKAREE  
 117 ELBERT, ELBERT  
 118 HORNAN, WILSON VALLEY  
 119 ELBERT, KITOWA  
 120 WASHINGTON, OTIS  
 121 FLEMING, COTOPAXI  
 122 SAN JUAN, SILVERTON  
 123 OUNAY, BIDWAY  
 124 LINCOLN, HUGO  
 125 OTERO, CHAVI  
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 199 OTERO, CHAVI  
 200 OTERO, CHAVI

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|-------|-------------------------|-------|
| 401   | BACA, WELSH             | ..... |
| 402   | DOLORES, DOLORES        | ..... |
| 403   | SEDGWICK, JULIESBURG    | ..... |
| 423   | GRAND, WEST GRAND       | ..... |
| 426   | MONTEZUMA, MANCOS       | ..... |
| 458   | PROWERS, HOLLY          | ..... |
| 459   | MORGAN, WIGGINS         | ..... |
| 488   | ADAMS, BENNETT          | ..... |
| 488   | LINCOLN, LIMON          | ..... |
| 480   | ROUTT, SOUTH ROUTT      | ..... |
| 450   | JACKSON, NORTH PARK     | ..... |
| 462   | ROUTT, HAYDEN           | ..... |
| 519   | OTERO, FOSTER           | ..... |
| 501   | MONTEZUMA, DOLORES      | ..... |
| 498   | WASHINGTON, AKRON       | ..... |
| 541   | CROWLEY, CROWLEY        | ..... |
| 516   | BACA, SPRINGFIELD       | ..... |
| 534   | RIO BLANCO, RANGELY     | ..... |
| 558   | PHILLIPS, HOLYOKE       | ..... |
| 560   | LA PLATA, BAYFIELD      | ..... |
| 617   | COSTILLA, CENTENNIAL    | ..... |
| 660   | SAGUACHE, CENTER        | ..... |
| 628   | PARK, PLATTE CANYON     | ..... |
| 669   | ELBERT, ELIZABETH       | ..... |
| 689   | RIO BLANCO, WEEKER      | ..... |
| 689   | CONEJOS, SOUTH CONEJOS  | ..... |
| 784   | RIO GRANDE, DEL NORTE   | ..... |
| 816   | MONTEPOSE, WEST END     | ..... |
| 844   | WELD, AULT-HIGHLAND     | ..... |
| 824   | GRAND, WEST GRAND       | ..... |
| 857   | YUMA, EAST YUMA         | ..... |
| 860   | WELD, PLATTE VALLEY     | ..... |
| 869   | ARCHULETA, ARCHULETA    | ..... |
| 979   | BENT, LAS ANIMAS        | ..... |
| 971   | LA PLATA, IGONACIO      | ..... |
| 1002  | KIT CARSON, BURLINGTON  | ..... |
| 1050  | HUERFANO, HUERFANO      | ..... |
| 1108  | PITKIN, PEPPER          | ..... |
| 1076  | EL PASO, MANITOU SPOGS. | ..... |
| 1095  | CHAFFEE, BUENA VISTA    | ..... |
| 1067  | YUMA, WEST YUMA         | ..... |
| 1080  | WELD, JOHNSTOWN         | ..... |
| 1072  | EL PASO, LEWIS-PALMER   | ..... |
| 1104  | WELD, EATON             | ..... |
| 1067  | LARIMER, PARK (ESTES P) | ..... |
| 1053  | EL PASO, FALCON         | ..... |
| 1184  | CONEJOS, NORTH CONEJOS  | ..... |
| 1118  | SUMMIT, SUMMIT          | ..... |
| 1153  | CLEAR CREEK, CLEAR CRE  | ..... |
| 1168  | WELD, WINDSOR           | ..... |
| 1292  | GUNNISON, GUNNISON WAT  | ..... |
| 1275  | TELLER, WOODLAND PARK   | ..... |
| 1366  | WELD, KEENESBURG        | ..... |
| 1312  | ROUTT, STEAMBOAT SPOGS. | ..... |
| 1391  | CHAFFEE, SALIDA         | ..... |
| 1400  | MORGAN, BRUSH           | ..... |
| 1431  | RIO GRANDE, MONTE VIST  | ..... |
| 1525  | OTERO, ROCKY FORD       | ..... |
| 1466  | GARFIELD, GARFIELD      | ..... |
| 1542  | FREMONT, FLORENCE       | ..... |
| 1644  | WELD, GILCREST          | ..... |
| 1625  | WELD, FORT LUPTON       | ..... |
| 1716  | ARAPAHOE, SHERIDAN      | ..... |
| 1654  | EAGLE, EAGLE            | ..... |
| 1804  | EL PASO, CHEYENNE MTN.  | ..... |
| 1939  | LAPE, LAKE CO           | ..... |
| 1904  | LAS ANIMAS, TRINIDAD    | ..... |
| 2119  | PROWERS, LAMAR          | ..... |
| 2207  | ALAMOGA, ALAMOGA        | ..... |
| 2582  | OTERO, EAST OTERO       | ..... |
| 2351  | MOFFAT, MOFFAT          | ..... |
| 2699  | MORGAN, FORT MORGAN     | ..... |
| 2795  | MONTEZUMA, MONTEZUMA-C  | ..... |
| 3020  | GARFIELD, ROARING FORK  | ..... |
| 3147  | EL PASO, FOUNTAIN       | ..... |
| 3262  | FREMONT, CANON CITY     | ..... |
| 3427  | LOGAN, VALLEY           | ..... |
| 3612  | LA PLATA, DURANGO       | ..... |
| 3911  | ADAMS, BRIGHTON         | ..... |
| 4015  | ARAPAHOE, ENGLEWOOD     | ..... |
| 3918  | DELTA, DELTA            | ..... |
| 4199  | MONTEPOSE, MONTEPOSE    | ..... |
| 4385  | EL PASO, ACADEMY        | ..... |
| 4685  | PUEBLO, PUEBLO RURAL    | ..... |
| 5319  | ADAMS, MAPLETON         | ..... |
| 5890  | ADAMS, COMMERCE CITY    | ..... |
| 5211  | DOUGLAS, DOUGLAS        | ..... |
| 6438  | EL PASO, HARRISON       | ..... |
| 6520  | EL PASO, WIDEFIELD      | ..... |
| 8875  | LARIMER, THOMPSON       | ..... |
| 9486  | WELD, OREOLEY           | ..... |
| 13889 | ADAMS, WESTMINSTER      | ..... |
| 13096 | MESA, MESA VALLEY       | ..... |
| 13454 | LARIMER, FOUNTAIN       | ..... |
| 13795 | BOULDER, ST. VRAIN VAL  | ..... |
| 16685 | ARAPAHOE, LITTLETON     | ..... |
| 17703 | ARAPAHOE, CHEERY CREEK  | ..... |
| 16018 | ADAMS, NORTHGLENN       | ..... |
| 19719 | ARAPAHOE, AURORA        | ..... |
| 21193 | PUEBLO, PUEBLO CITY     | ..... |
| 21443 | BOULDER, BOULDER VALLE  | ..... |
| 31580 | EL PASO, COLORADO SPRIN | ..... |
| 55470 | DENVER, DENVER          | ..... |
| 76042 | JEFFERSON, JEFFERSON    | ..... |

LAW

DOLLAR SOURCE:  
 F FEDERAL  
 C STATE CATEGORICAL  
 S STATE EQUALIZATION  
 L LOCAL

|       |                         |       |
|-------|-------------------------|-------|
| 386   | DOLORES, DOLORES        | ..... |
| 397   | LINCOLN, LIMON          | ..... |
| 400   | GRAND, WEST GRAND       | ..... |
| 401   | PROWERS, HOLYOKE        | ..... |
| 420   | MORGAN, WIGGINS         | ..... |
| 420   | OTERO, FOWLER           | ..... |
| 423   | CROWLEY, CROWLEY        | ..... |
| 432   | PARK, PARK              | ..... |
| 438   | MONTEZUMA, MANCOS       | ..... |
| 441   | GILPIN, GILPIN CO.      | ..... |
| 453   | MONTEZUMA, DOLORES      | ..... |
| 466   | ADAMS, BENNETT          | ..... |
| 488   | WASHINGTON, AKRON       | ..... |
| 488   | JACKSON, NORTH PARK     | ..... |
| 496   | ROUTT, SOUTH ROUTT      | ..... |
| 501   | RIO BLANCO, RANGELY     | ..... |
| 506   | ROUTT, HAYDEN           | ..... |
| 527   | PHILLIPS, HOLYOKE       | ..... |
| 530   | BACA, SPRINGFIELD       | ..... |
| 628   | SAGUACHE, CENTER        | ..... |
| 649   | COSTILLA, CENTENNIAL    | ..... |
| 681   | LA PLATA, BAYFIELD      | ..... |
| 694   | CONEJOS, SOUTH CONEJOS  | ..... |
| 732   | RIO GRANDE, DEL NORTE   | ..... |
| 742   | RIO BLANCO, WEEKER      | ..... |
| 747   | ELBERT, ELIZABETH       | ..... |
| 779   | WELD, AULT-HIGHLAND     | ..... |
| 806   | GRAND, EAST GRAND       | ..... |
| 824   | MONTEZUMA, WEST GRAND   | ..... |
| 844   | PARK, PLATTE CANYON     | ..... |
| 857   | WELD, PLATTE VALLEY     | ..... |
| 878   | YUMA, EAST YUMA         | ..... |
| 917   | BENT, LAS ANIMAS        | ..... |
| 955   | PITKIN, ASPEN           | ..... |
| 993   | KIT CARSON, BURLINGTON  | ..... |
| 1001  | ARCHULETA, ARCHULETA    | ..... |
| 1004  | LA PLATA, IGONACIO      | ..... |
| 1020  | EL PASO, MANITOU SPOGS. | ..... |
| 1031  | CHAFFEE, BUENA VISTA    | ..... |
| 1039  | HUERFANO, HUERFANO      | ..... |
| 1069  | WELD, EATON             | ..... |
| 1088  | WELD, JOHNSTOWN         | ..... |
| 1109  | YUMA, WEST YUMA         | ..... |
| 1128  | EL PASO, LEWIS-PALMER   | ..... |
| 1137  | CONEJOS, NORTH CONEJOS  | ..... |
| 1197  | GUNNISON, GUNNISON WAT  | ..... |
| 1217  | LARIMER, PARK (ESTES P) | ..... |
| 1220  | CLEAR CREEK, CLEAR CRE  | ..... |
| 1235  | WELD, KEENESBURG        | ..... |
| 1295  | SUMMIT, SUMMIT          | ..... |
| 1317  | MORGAN, BRUSH           | ..... |
| 1322  | OTERO, ROCKY FORD       | ..... |
| 1329  | CHAFFEE, SALIDA         | ..... |
| 1331  | RIO GRANDE, MONTE VIST  | ..... |
| 1354  | WELD, WINDSOR           | ..... |
| 1369  | TELLER, WOODLAND PARK   | ..... |
| 1393  | EL PASO, FALCON         | ..... |
| 1469  | FREMONT, FLORENCE       | ..... |
| 1473  | ROUTT, STEAMBOAT SPOGS. | ..... |
| 1526  | ARAPAHOE, SHERIDAN      | ..... |
| 1536  | GARFIELD, GARFIELD      | ..... |
| 1627  | WELD, GILCREST          | ..... |
| 1669  | WELD, FORT LUPTON       | ..... |
| 1678  | ARAPAHOE, SHERIDAN      | ..... |
| 1683  | EL PASO, CHEYENNE MTN.  | ..... |
| 1760  | LAKE, LAKE CO           | ..... |
| 1842  | LAS ANIMAS, TRINIDAD    | ..... |
| 2011  | PROWERS, LAMAR          | ..... |
| 2179  | ALAMOGA, ALAMOGA        | ..... |
| 2382  | OTERO, EAST OTERO       | ..... |
| 2432  | MORGAN, FORT MORGAN     | ..... |
| 2632  | MONTEZUMA, MONTEZUMA-C  | ..... |
| 2878  | MOFFAT, MOFFAT          | ..... |
| 2960  | EL PASO, FOUNTAIN       | ..... |
| 3136  | GARFIELD, ROARING FORK  | ..... |
| 3282  | FREMONT, CANON CITY     | ..... |
| 3329  | LOGAN, VALLEY           | ..... |
| 3609  | ARAPAHOE, ENGLEWOOD     | ..... |
| 3773  | ADAMS, BRIGHTON         | ..... |
| 4006  | DELTA, DELTA            | ..... |
| 4150  | MONTEPOSE, MONTEPOSE    | ..... |
| 4470  | EL PASO, ACADEMY        | ..... |
| 4740  | PUEBLO, PUEBLO RURAL    | ..... |
| 4944  | ADAMS, MAPLETON         | ..... |
| 5199  | ADAMS, COMMERCE CITY    | ..... |
| 6334  | EL PASO, HARRISON       | ..... |
| 6621  | EL PASO, WIDEFIELD      | ..... |
| 6797  | DOUGLAS, DOUGLAS        | ..... |
| 9234  | WELD, OREOLEY           | ..... |
| 9579  | LARIMER, THOMPSON       | ..... |
| 12458 | ADAMS, WESTMINSTER      | ..... |
| 13549 | ADAMS, WESTMINSTER      | ..... |
| 14048 | MESA, MESA VALLEY       | ..... |
| 14740 | BOULDER, ST. VRAIN VAL  | ..... |
| 16685 | ARAPAHOE, LITTLETON     | ..... |
| 17703 | ARAPAHOE, CHEERY CREEK  | ..... |
| 19782 | ADAMS, NORTHGLENN       | ..... |
| 20609 | ARAPAHOE, AURORA        | ..... |
| 21193 | BOULDER, BOULDER VALLE  | ..... |
| 21443 | ARAPAHOE, CHEERY CREEK  | ..... |
| 31580 | EL PASO, COLORADO SPRIN | ..... |
| 55470 | DENVER, DENVER          | ..... |
| 76042 | JEFFERSON, JEFFERSON    | ..... |

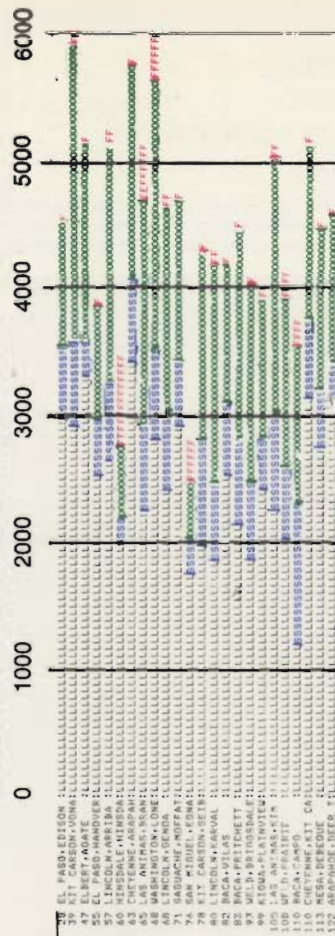
DOLLAR SOURCE:  
 F FEDERAL  
 C STATE CATEGORICAL  
 S STATE EQUALIZATION  
 L LOCAL

25% of ADME  
 25% of ADME  
 25% of ADME

25% of ADME  
 25% of ADME  
 25% of ADME

1982

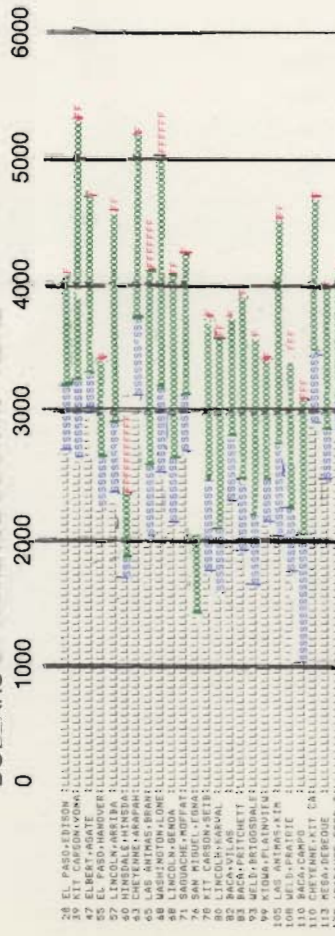
DOLLARS BY REVENUE SOURCE - ADAE



DISTRICTS RANKED BY SIZE — ADAE (Coded by quartile)

1980

DOLLARS BY REVENUE SOURCE - ADAE



DISTRICTS RANKED BY SIZE — ADAE (Coded by quartile)

**F** FEDERAL  
**O** OTHER  
**S** STATE EQUALIZATION  
**L** LOCAL

STATE AND LOCAL DOLLARS ARE BASED ON CURRENT FINANCE LAW  
 OTHER AND FEDERAL FUNDS HAVE BEEN INFLATED 7% PER YEAR  
 PER PUPIL REVENUES FOR BOTH YEARS ARE BASED ON 1979 ADAE

|                   |                   |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |
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25% of ADAE

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**F** FEDERAL  
**O** OTHER  
**S** STATE EQUALIZATION  
**L** LOCAL

STATE AND LOCAL DOLLARS ARE BASED ON CURRENT FINANCE LAW  
 OTHER AND FEDERAL FUNDS HAVE BEEN INFLATED 7% PER YEAR  
 PER PUPIL REVENUES FOR BOTH YEARS ARE BASED ON 1979 ADAE

|                   |                   |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |                  |                     |                  |
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25% of ADAE

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## Transportation Formula Effects

Provisions Prior to Senate Bill 11, 1980 Session. Prior to Senate Bill 11, 1980 session, the state share of transportation expenses was twenty-seven cents for each mile traveled (mileage reimbursement entitlement) and twenty percent of any amount of operating expenditures that exceeded the school district's mileage reimbursement entitlement (operating expenditure entitlement). However, the total reimbursement (mileage entitlement plus operating expenditure entitlement) could not exceed ninety percent of the total amount of operating costs for pupil transportation in the district. The entitlement period is the twelve month period ending the June 30 prior to the district's application for transportation aid.

On or before August 15 of each year, the local board of education is required to certify to the State Board of Education the number of miles traveled by its vehicles engaged in transportation of pupils to and from their homes and school during the entitlement period.

Local district total current operating expenses for pupil transportation are defined to include: motor fuel and oil; maintenance and repair of vehicles, equipment and facilities; costs of employment for drivers, supervisory, and support services personnel; insurance; contracted services; and reimbursements to pupils utilizing public transportation. These expenses are certified to the state board by the local board on or before August 15 of each year, and their reimbursement is calculated by the Department of Education.

The law further provides that:

- transportation expenses for special education and vocational education programs for which the district is already receiving state funds are not to be included in the district's current operating expenditure for pupil transportation;
- if a district pays a boarding allowance for a pupil to reside closer to his school of attendance than his usual residence, the district is entitled to receive a one dollar per day state reimbursement; and
- if the General Assembly does not appropriate sufficient amounts to fully fund all district reimbursement entitlements, amounts paid to each district are to be prorated.

Provisions of Senate Bill 11. The state share of transportation operating expenditures were adjusted by Senate Bill 11 in the following manner: the twenty-seven cents for each mile traveled was increased to forty cents, and the twenty percent of any amount of operating expenditures that exceeded the school district's mileage reimbursement entitlement was increased to twenty-five percent. The other provisions of the transportation act remained the same.

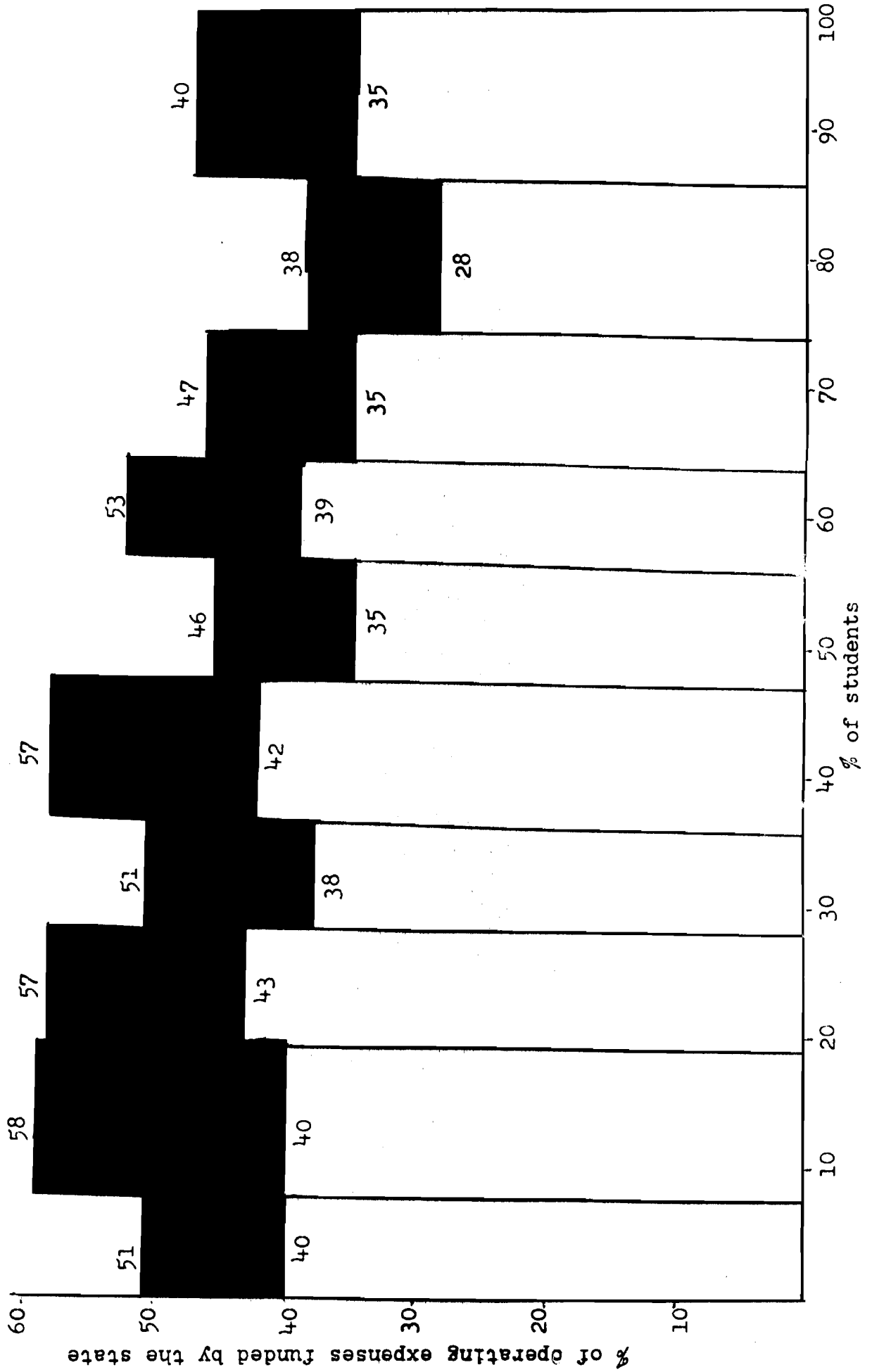
Effects of the Changes in the Formula. The revision to the transportation formula enacted by Senate Bill 11 increased the percentage of total current operating expenses reimbursed by the state for 1980 from approximately 38 percent to 51 percent.

The chart on page 39 displays the percent of operating expenses funded by the state with and without the adjustments made by Senate Bill 11. School districts were rank ordered by attendance size and divided into deciles with approximately ten percent of the state's students in each decile. For each decile, the average percentage of eligible total current operating expenses for 1980 funded by the state was calculated with and without SB 11. The smaller attendance school districts are represented on the left side of the chart with the larger districts on the right. The shaded portion of each column displays the increased percent of operating expenses funded by the state without Senate Bill 11 while the number above the shaded portion indicates the percent of operating expenses funded by the state with Senate Bill 11.

Efforts by School Districts to Reduce Transportation Costs. School districts throughout the state representing both small and large attendance districts testified before the committee that numerous efforts are being made to reduce transportation costs. Activity and field trips are being limited to conserve fuel. Students are required to walk greater distances to school and to bus stops, and consequently the actual number of bus stops are being reduced. Driver training courses are being offered to instruct drivers how to conserve fuel. Larger school districts are increasing the number of dispatch locations (areas where the buses are stored and serviced, to and from which the buses must travel to make their routes) to reduce miles traveled to and from a central dispatch location. Some districts are converting from gasoline to diesel buses because of the increased miles per gallon and lower cost of diesel fuel, other districts are rebuilding older buses to increase their efficiency.

The conservation efforts by the school districts have reduced the miles traveled and their fuel consumption. However, because of the rising costs for fuel and the inflationary tendencies for the cost of all components within the transportation area, transportation costs have increased at a greater rate than the assistance from the state has increased.

Comparison of Transportation Entitlement  
With and Without S. B. 11 1980





## Limitation on the Counting of Kindergarten Students

Current Law. In 1976, the General Assembly amended the "Public School Finance Act of 1973" to include a provision concerning the counting of kindergarten pupils for funding purposes. It appears that some school districts were attempting to overstate their student counts by conducting kindergarten classes for a few minutes beyond the normal half day period. The longer programs were claimed as full day programs and the school districts revenues from the kindergarten pupils were increased. A special provision was enacted to address this situation. The provision entitled districts to count kindergarteners who attended classes for four hours and fifteen minutes or more per day as full day students while others were counted as half-day students. The General Assembly limited the number that could be counted for a full day of attendance to the number counted by the district as full-day pupils during a specified period in 1975. The year 1975 was apparently chosen so that districts with established bona fide full day programs would not be penalized. The total number of kindergarteners that could be counted statewide for full-day attendance was limited to three thousand five hundred pupils. The provision was originally set to expire on June 30, 1978 but has been extended for one year in each session of the General Assembly since 1978.

### Educational Benefits of the Full Day Kindergarten Program.

Several major differences between the Extended Kindergarten Day (EKD) program and the normal kindergarten day were identified in committee testimony.

- 1) Teacher-pupil contact time is extended from two hours and forty minutes per day to four hours and fifteen minutes per day plus lunch.
- 2) Each kindergarten teacher teaches one class instead of two. This decreases the average teacher-pupil ratio from fifty or sixty pupils per day to twenty or twenty-five pupils per day.
- 3) In the extended program, teachers are able to spend (on average) a greater amount of time on parent involvement activities such as parent conferences, telephone contacts, and writing parent newsletters. In the normal kindergarten day no time is actually set aside for these type of activities.

The basic argument for the EKD program stems from the recognition that the earlier physical, emotional, social and cognitive problems are identified, the easier it is to provide effective solutions to these problems. Child development specialists estimate that about thirty percent of a person's "intelligence development" takes place between the ages of four and eight. The extended kindergarten days takes full advantage of this factor. There are numerous related benefits that would arise as a result of extending the kindergarten day. These include:

- The extended kindergarten day which is four hours and fifteen minutes long (as opposed to two hours and forty minutes for the regular session), provides for a better transition to the longer first grade day that generally lasts six hours and fifteen minutes;
- Children are able to spend a longer amount of time in an enriched environment with trained professionals;
- The extended kindergarten day program permits the staff to give a greater amount of individual attention to students;
- The increased amount of time during the day makes it possible to develop a program that is more balanced and includes time for more comprehensive planning;
- The full-day program provides for a better pacing of daily activities so that the children are able to feel less hurried;
- Parent-teacher activities are placed as a more integral part of the child's educational experience; and
- The extended day provides an opportunity for the regular elementary bus system to be used.

Objective evidence as to the actual effectiveness of the extended kindergarten day program is presently limited. Some preliminary studies have shown kindergarteners who have experienced the longer session to be more effective in first grade although other studies are inconclusive. Due to the fact that the EKD program is relatively new there has not been sufficient time for follow up studies of students beyond the first grade.

Cost of Funding Full Time Kindergarten. The Department of Education surveyed the 181 school districts to find out the number of districts who would develop a full-time kindergarten program for their students if the limit was raised on the number of kindergarteners that could be counted as full time students. The survey shows that nineteen percent of those pupils that are not currently enrolled in the extended day kindergarten (6,357 pupils) would become enrolled in the extended day, approximately 2,400 pupils. The additional cost to the state if these added kindergarteners were counted for a full-day attendance would be \$7,881,941 in the first year (assuming 3,877 or 61% of the total number of kindergarteners ultimately expected to be enrolled in the full-day program actually were able to begin that program). The third year cost, if all 6,357 students were enrolled in a full-day program, would be \$15,021,591. This latter amount would increase to approximately forty million dollars if one-half (16,728) of the total number of currently enrolled kindergarteners (37,248) would change to the full-day program.

## Continuing General State Education Finance Concerns

The committee addressed six additional concerns:

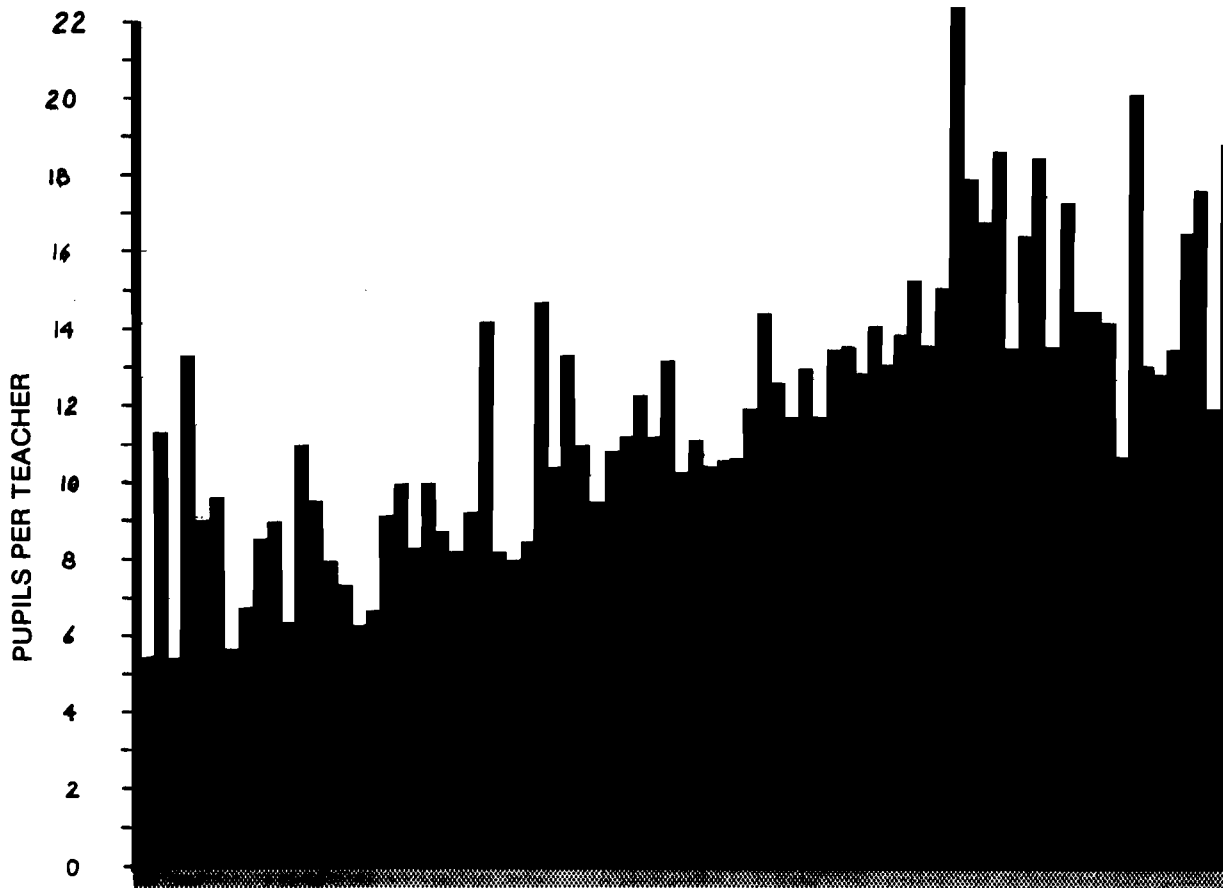
- 1) The disparity between large and small districts with respect to pupil-teacher ratios and average teacher pay;
- 2) The amount of revenue raised by the Capital Reserve Fund and the Bond Redemption Fund;
- 3) The impact that rising energy costs are having on the individual school districts;
- 4) The imminent expiration date of the contingency reserve fund; and
- 5) The present aid formula for small attendance centers.

Trends Relating to the Size of School Districts. The following charts show that two definite trends exist with respect to size of school districts. In the chart, school districts are listed in rank order by attendance size. The pupil-teacher ratio and average teacher pay of each district was then plotted on the charts.

The first chart shows that smaller districts, in general, have a much smaller pupil-teacher ratio than do the larger districts. This ratio ranges from approximately five to one for the smallest district to approximately twenty to one for the largest district. The problem that this factor represents is that of the diseconomies of small scale. The larger a district is, the more able it is to spread the financial burden of its teachers among a larger number of students, thus reducing their cost per pupil.

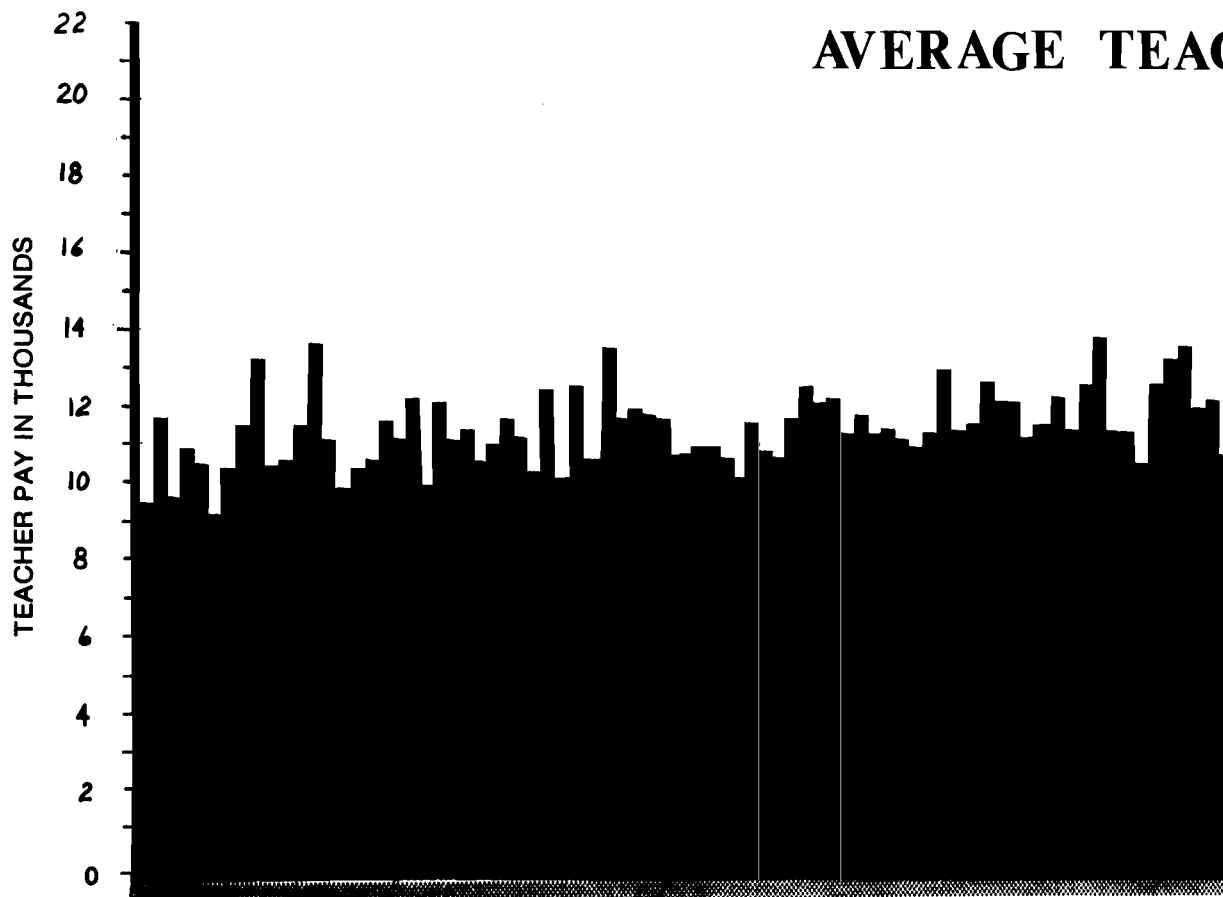
Average teacher pay in the smaller districts is considerably less than that in the larger districts. The lowest average salary was slightly over \$9,000 in 1979 in the smallest district while in Denver, which had the highest average salary, this figure was slightly over \$21,000. This discrepancy is primarily a result of the fact that the average teacher in the smaller districts has relatively little or no classroom experience. The turnover rate in the smaller districts is correspondingly high. Additionally, larger districts also tend to employ teachers with more advanced degrees than do the smaller districts.

# PUPIL - TEA



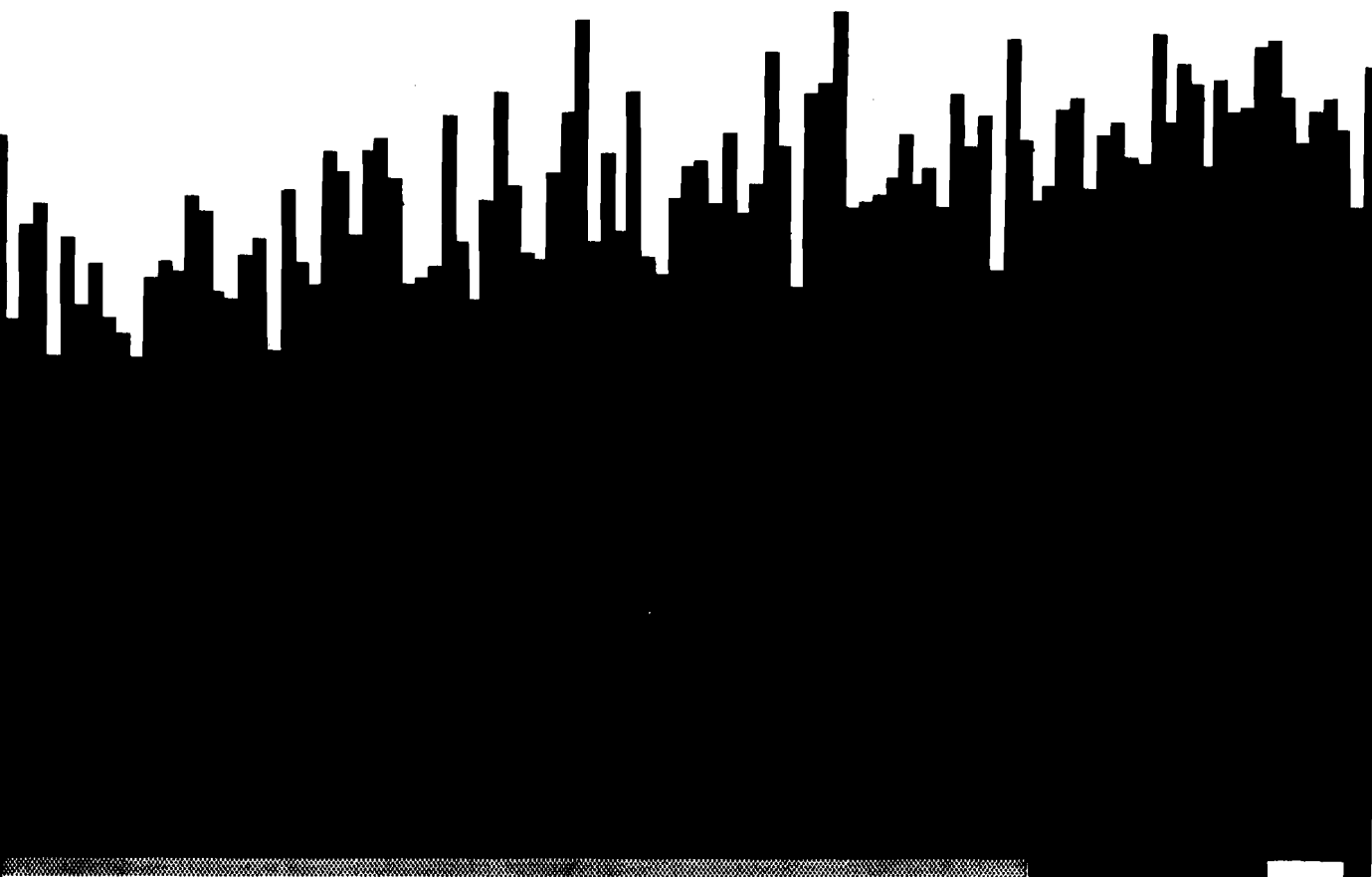
DISTRICTS RANKED BY SIZE — ADAE (Coded by quartile)

# AVERAGE TEAC



DISTRICTS RANKED BY SIZE — ADAE (Coded by quartile)

# ACHER RATIO, FALL 1979

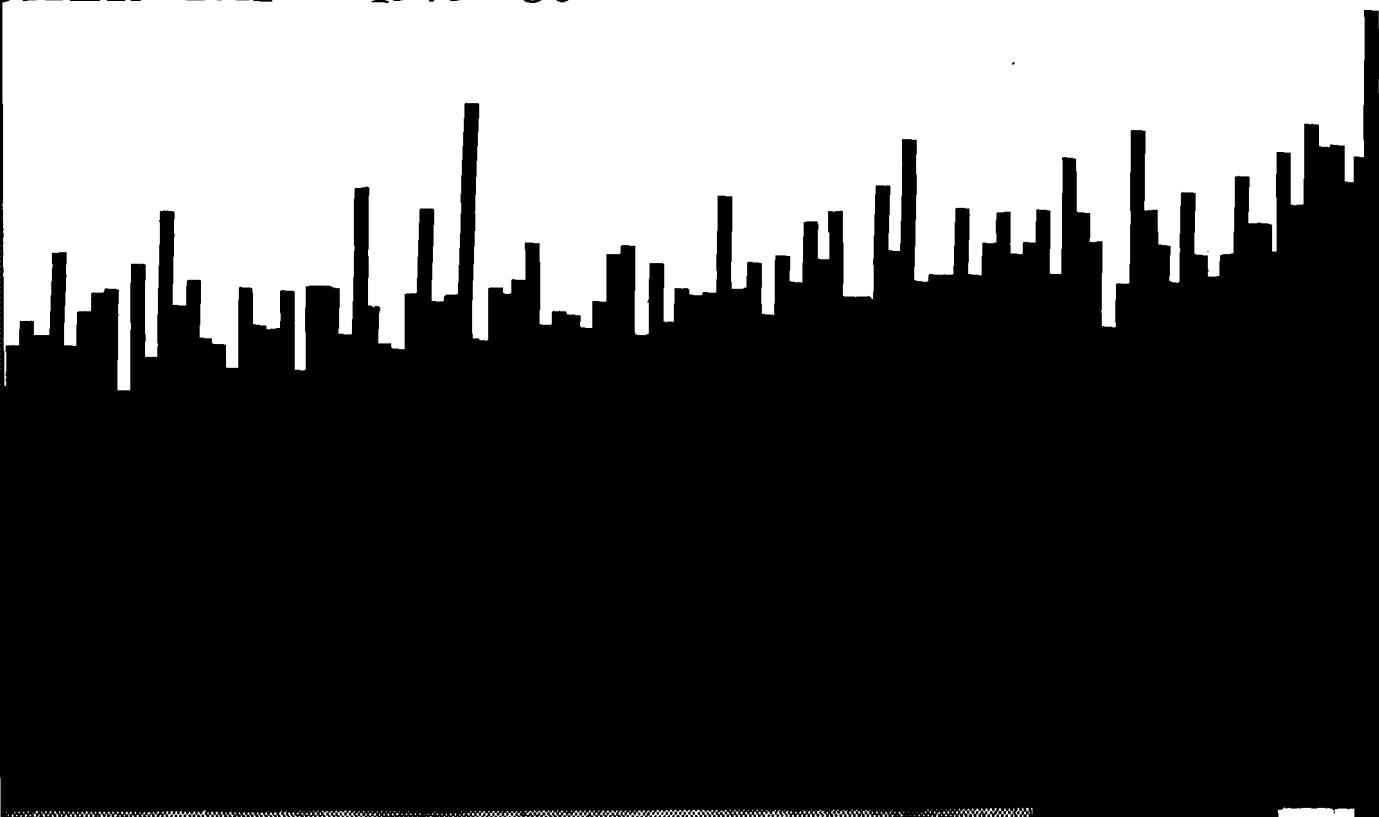


25% of ADAE

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# ACHER PAY -- 1979 - 80



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Capital Reserve and Bond Redemption Fund Revenues. Currently, school districts rely on two funds, the bond redemption fund and the capital reserve fund, to finance capital construction. Under existing law the state does not contribute to either of these funds.

School districts are limited to a four mill levy for the Capital Reserve Fund (CRF) by section 22-40-102, C.R.S. 1973. The revenue generated from this levy is limited in use to the following:

- a) acquisition of land and construction of structures, or acquisition of land with existing structures, equipment, and furnishings;
- b) construction of additions to existing structures;
- c) procurement and installation of equipment for new buildings and additions to existing buildings;
- d) alterations and improvements to existing structures where the total estimated project costs are in excess of five thousand dollars;
- e) acquisition of school buses or other equipment with unit costs exceeding twenty-five hundred dollars; and
- f) installment purchase agreement or lease agreement with an option to purchase for a period not to exceed five years.

Presently, section 22-42-104, C.R.S. 1973, specifies that a school district may not incur indebtedness exceeding twenty percent of its assessed valuation. The revenue generated by the mills levied for the Bond Redemption Fund (BRF) is limited in use to the following:

- a) for the purpose of satisfying local district bonded indebtedness obligations, both principal and interest;
- b) making payments under installment purchase agreements or under lease or rental agreements having a term of more than one year; and
- c) for the purpose of obtaining the use of real property for school sites, buildings or structures.

In 1980, school districts will generate approximately \$48.5 million from Capital Reserve Fund (CRF) levies and \$82.3 million from Bond Redemption Fund (BRF) levies. Statewide, as of 1980, school district budgets indicate a total bonded indebtedness of \$596.3 million. A summary of each district's budgeted revenues for CRF and BRF purposes is contained in Appendix C.

A further study of the two funds showed that there was not a significant relationship between the number of mills levied for either fund and the amount of revenue per pupil generated by these levies.

The revenue raising capability of school districts will increase in 1983 when the assessed valuation of property increases due to a state-wide reassessment of taxable property in accordance with HB 1452, 1977 Session. A school district will be able to raise more revenue, due to an increase in assessed valuation, with a four mill levy for the Capital Reserve Fund (CRF), and will be able to incur a greater bonded indebtedness, financed by the Bond Redemption Fund (BRF). Because the mill levies for the CRF and BRF are based on decisions at the local level, the committee voted to recommend that the present limitation on the CRF at 4.00 mills and the present limitation on bonded indebtedness at twenty percent of a school district's assessed valuation remain the same.

Energy Cost Impacts. School districts have become increasingly constrained by the cost of energy; a cost which is rising at a more rapid rate than general fund revenue. A survey by the Colorado Association of School Executives (CASE) showed that energy costs for 107 school districts rose from twenty-one to twenty-nine million dollars (a thirty-eight percent increase) between 1978 and 1980. Fuel consumption, however, decreased during that period by approximately two percent. In the Boulder Valley Public School District, which has had an energy saving program since 1975, electricity costs rose 90.5 percent in the five years from 1975 to 1979 and gas costs rose 142.4 percent. During the same period electricity and gas consumption decreased thirty-one percent and thirty-six percent respectively.

Many school districts have started energy saving programs that involve the entire school system -- pupils, teachers, and other employees. Some of the methods used to save energy costs have been:

- 1) Retrofitting buildings with more energy efficient devices, insulation, light bulbs, and other items;
- 2) Alternating overhead lamping instead of using all existing light fixtures;
- 3) Lowering heat to sweater wearing temperatures; and
- 4) Driver training, fewer field trips, longer walking distances to the bus stop and school and other transportation measures discussed elsewhere in this report.

Utilization of existing personnel to address energy concerns is much easier in the larger districts than in smaller districts. However, both large and small districts find it difficult to implement energy-saving ideas due to lack of adequate funds.

Contingency Reserve Fund. The special contingency reserve fund (section 22-50-114.5) was established by the General Assembly in 1977 to pay school districts the amount of property taxes which would have been paid from general fund levies on property included in a county's abstract of assessment, but were not paid due to that payment being frozen as a result of a pending administrative appeal or litigation.

The school district must apply to the State Board of Education to obtain any compensatory payment.

This fund was scheduled to be repealed on July 1, 1981, but due to the existence of pending litigation, the committee voted to recommend the extension of the effective date of the fund to July 1, 1985.

Small Attendance Center Aid. The School Finance Act of 1973 continued a special provision providing additional state aid to districts with small attendance centers. Small attendance centers are defined as elementary schools or secondary schools with less than 175 pupils and which are either:

- 1) twenty or more miles from a similar attendance center; or
- 2) twenty or more miles from a similar attendance center within the district if the district has been reorganized under the "School District Reorganization Act of 1949" or the "School District Organization Act of 1965".

The additional state aid provided the districts, is based upon the number of bonus pupils in attendance in small attendance centers. The number of bonus pupils is derived as follows:

- Step 1 - the attendance entitlement of the center is determined in the same fashion as for general equalization support;
- Step 2 - the attendance entitlement derived from step 1 is then multiplied by the statutory factor outlined below; and
- Step 3 - the product from step 2 is reduced by the attendance entitlement from step 1, and the resulting sum then represents the "bonus pupils" for which the district qualifies.

Statutory Factor For Bonus Pupils

| <u>Elementary</u>             |               |                | <u>Secondary</u>              |               |                        |
|-------------------------------|---------------|----------------|-------------------------------|---------------|------------------------|
| (Grades 1-6 or 1-8)           |               |                | (Grades 7-12 or 9-12)         |               |                        |
| <u>Attendance Entitlement</u> | <u>Factor</u> | <u>Maximum</u> | <u>Attendance Entitlement</u> | <u>Factor</u> | <u>Maximum Allowed</u> |
| 0 - 20                        | Allow 24      | 24             | 0 - 25                        | 2.0           | 40                     |
| 20.1- 50                      | 1.2           | 55             | 25.1- 50                      | 1.6           | 75                     |
| 50.1- 80                      | 1.1           | 84             | 50.1- 75                      | 1.5           | 105                    |
| 80.1-115                      | 1.05          | 120            | 75.1-125                      | 1.4           | 150                    |
| 115.1-150                     | 1.04          | 150            | 125.1-150                     | 1.2           | 165                    |
|                               |               |                | 150.1-175                     | 1.1           | 175                    |



The amount of funding to a small attendance center is equal to the number of bonus pupils (as derived above) times either the district's authorized revenue base or the product of the state guarantee times the district's mill levy in the district, whichever is lower.

In order to prevent the small attendance center aid provision from deterring school district reorganization, the law provides for a phasedown of small attendance center aid if an otherwise qualified district reorganizes and thus is no longer qualified under the provision.

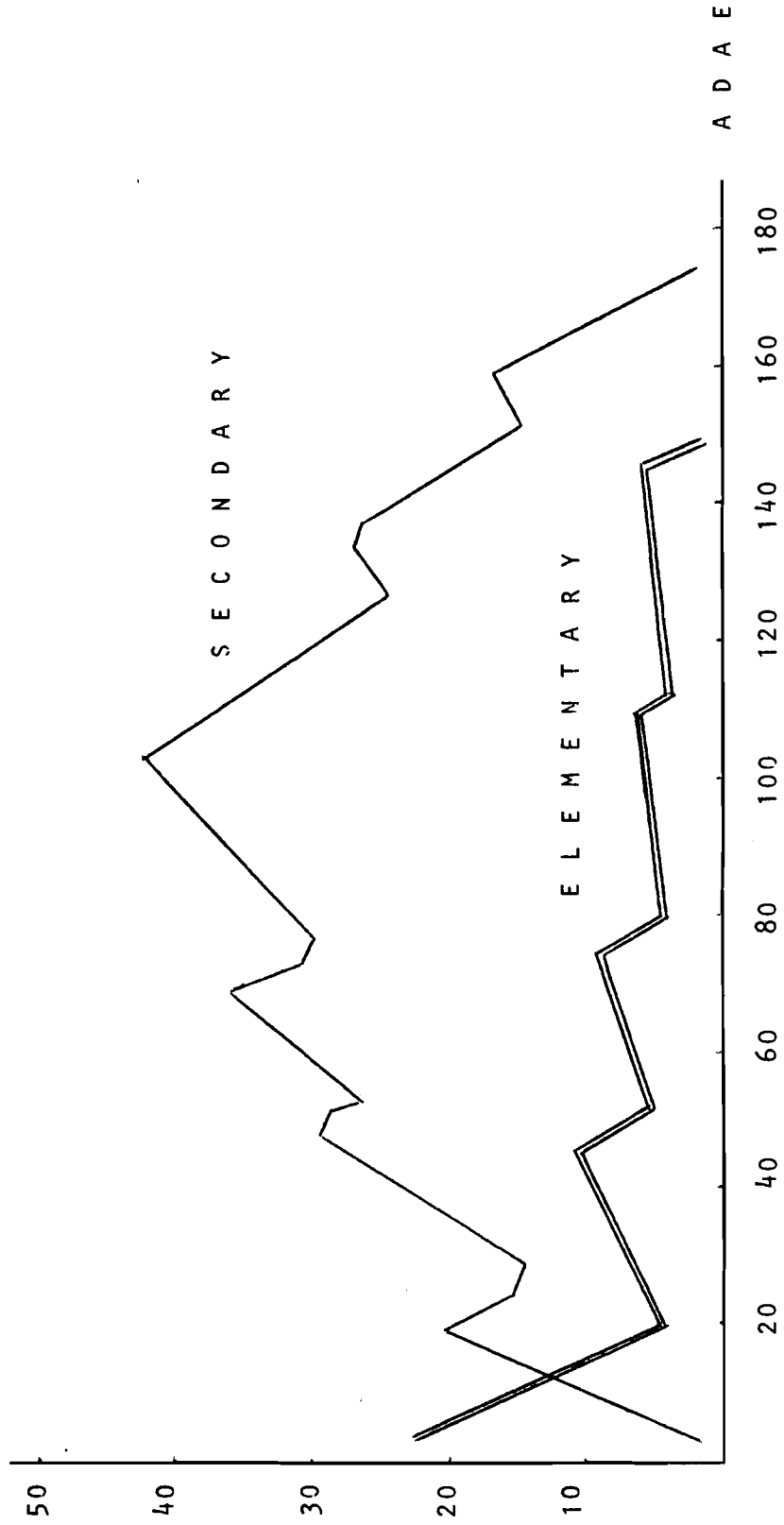
The committee had several concerns dealing with the present method of allocating small attendance center funds. The first concern deals with the discrepancy between the amount of funding that a secondary school receives and the amount that the elementary center receives and the manner in which bonus pupils are allocated to the two types of schools. The chart on page 49 shows several differences between the secondary and elementary allocation. According to that chart:

- 1) The upper size limit on funding for an elementary school is 150 students while the secondary schools might have as high as 175 students and still receive funding.
- 2) While both bonus pupil formulas work in blocks, which appear to be related to classroom size, the elementary schools receive on the average less with each additional block, while the secondary schools receive more on the average. The stepwise allocation was originally devised when school districts were allocated funds according to classroom units.
- 3) Secondary schools start out with only two bonus pupils per small attendance center with an attendance entitlement of two, while elementary schools start at twenty-two bonus pupils for a small attendance center with an attendance entitlement of two.

The second major concern centers around the different type of administrative organizational pattern that a district might have. A district may be organized so that its elementary students attend grades one through six and its secondary students attend grades seven through twelve or its elementary grades may be one through eight and its secondary grades nine through twelve. Because of the way the above formula for bonus pupils is designed it might be more profitable for a district to organize with the one through eight elementary pattern and the nine through twelve secondary pattern since the secondary small attendance centers receive overall more aid money per student. Such differing organizational patterns also makes the definition of similar centers somewhat confusing since two different elementary schools might have a different set of grade levels. If an adjoining district changes its organizational pattern this might preclude small attendance center funding in the neighboring district. This problem is intensified in rural districts with delining enrollment.

Effect Of The Small Attendance Center Formula

BONUS  
PUPILS



Colorado Department of Education  
School Finance and Data Services  
December 17, 1980

In addition, the act is structured so that a school in a reorganized district can receive small attendance center funding while a school five miles away that is identical in size and administrative organization, in a neighboring unreorganized district, might not receive funding even though both are at least twenty miles away from another similar school in their own district.

The committee recommended that the above factors should be addressed during the next interim session.

#### Impacts of the Reassessment on School Finance

In investigating the impacts on school finance of the property reassessment for purposes of taxation scheduled to occur in 1983, the committee developed the following information:

- 1) a survey of the current methods used for classifying and assessing property in Colorado for property tax purposes;
- 2) a review of the provisions of HB 1452 (1977 Session) which sets forth the schedule for the reassessment;
- 3) an examination of the bill adopted by the 1980 Interim Committee on Finance on reassessment; and
- 4) an evaluation of possible school finance alternatives which could be employed by the General Assembly to offset the effects of the reassessment.

#### Classification and Assessment of Property in Colorado

Currently, all property in Colorado is categorized in one of eight property classes. The classes are: 1) residential; 2) commercial; 3) industrial; 4) agricultural; 5) natural resources; 6) public utilities; 7) pollution control; and 8) exempt. There are two primary approaches taken to determine the actual value of property within these classes. First, under the state's "base-year" approach, a property is valued according to what it would have been worth if it had existed in its present condition during a prior year. Currently, this prior year is specified as 1973. Second, under the non base-year approach, other properties are valued at current year values determined by utilizing an income formula; that is, the value of property is based, in whole or in part, upon the amount of income it produces.

Under existing law, once the value of a property is determined, a percentage of the value is utilized to formulate the valuation for assessment of the property for tax purposes. The percentages thus utilized vary from class to class.

Generally, residential, commercial, industrial, and improvements to agricultural property are assessed under the base-year for-

mula, and thirty percent of their base-year levels of value is utilized to establish their valuations for assessment. Agricultural land, natural resources property, public utility property, and pollution control property are assessed under the non base-year income formula, utilizing a variety of percentage factors to determine the valuations of assessment of these properties.

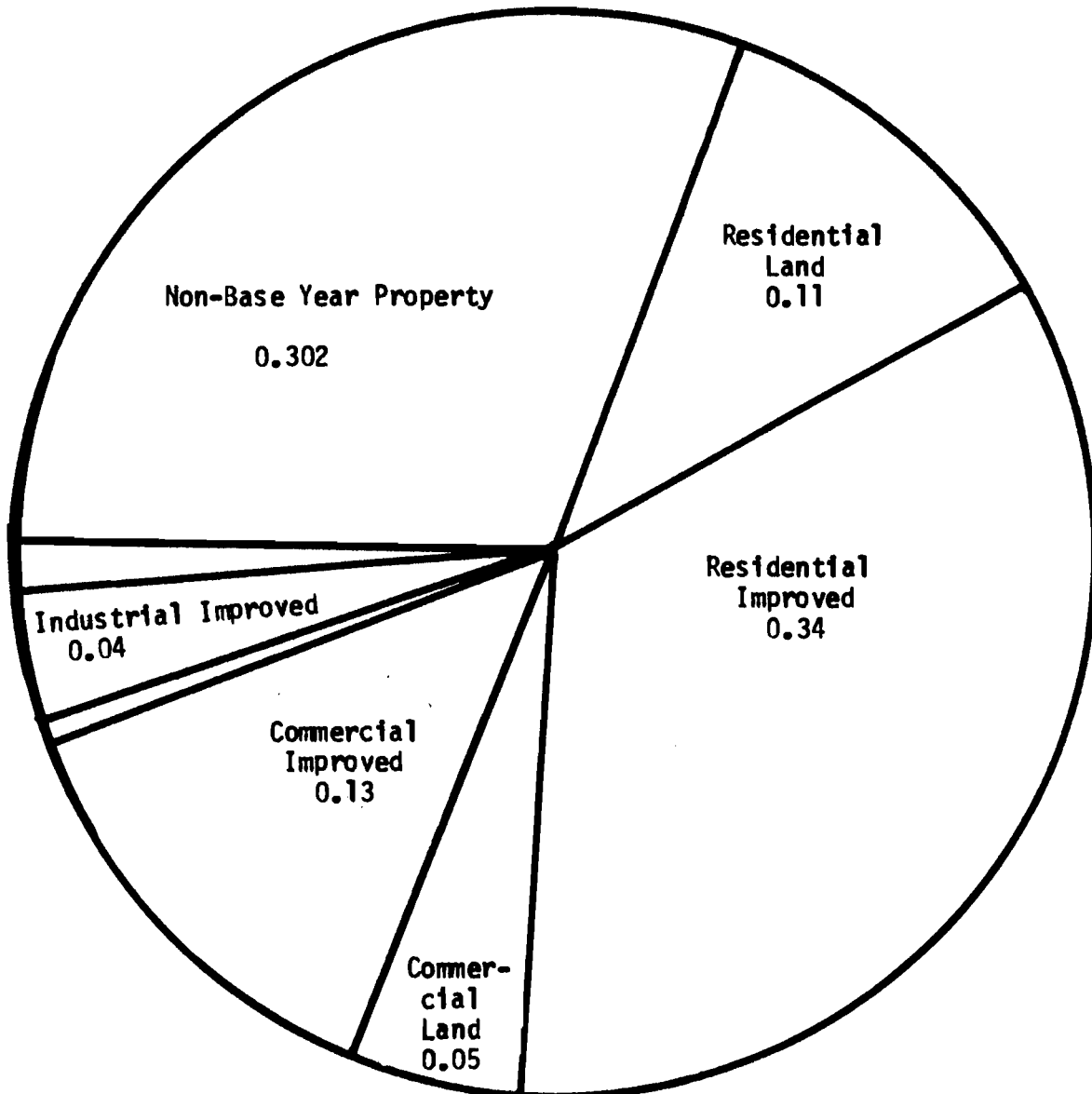
The 1973 base-year was established by HB 1452, 1977 Session, to mitigate the effects of rapid inflation in real property values on tax assessments. Further, the 1973 base-year was envisioned to provide for a common basis of assessments among the state's 63 counties.

The chart on page 52 shows the portions of the state's total taxable assessed valuation composed of base-year and non base-year property for 1979.

A thorough description of current property assessment classifications and methods as well as the historical development of property assessments, and a complete summary of HB 1452 is contained in the report of the Interim Committee on Finance, Legislative Council Research Publication No. 255, December, 1980.

Base Year and Non-Base Year Property  
1979

|                                    |                         |
|------------------------------------|-------------------------|
| <b>Total Value of All Property</b> | <b>\$12,453,733,610</b> |
| <b>Residential</b>                 |                         |
| Land                               | 1,402,818,075           |
| Improvements                       | 4,250,639,885           |
| <b>Commercial</b>                  |                         |
| Land                               | 638,566,490             |
| Improvements                       | 1,651,991,650           |
| <b>Industrial</b>                  |                         |
| Land                               | 96,842,320              |
| Improvements                       | 515,233,180             |
| <b>Agricultural</b>                |                         |
| Improvements                       | 193,168,810             |
| <b>Non-Base Year Property</b>      | <b>3,704,473,200</b>    |



SOURCE: Division of Property Taxation.

## Reassessment Time Frames under HB 1452

During its 1977 Session, the General Assembly adopted HB 1452 which established 1973 as the base-year for the assessment of base-year property. However, the bill provided for the base-year to change every four years as follows: for the years 1977 through 1982, the 1973 base-year is to be used; for the years 1983 through 1986, the 1977 base-year is to be used; and for the years 1987 and following, the 1981 base-year is to be used. Hence, in 1983, the 1977 base-year will be utilized for the first time and will affect 1983 property taxes actually paid and budgeted by local governments in 1984. On that basis, calendar year 1984 will be the year of impact of the reassessment on school finance.

When the base-year is updated in 1983, assessments of base-year property will be increased to reflect the inflation in the real values of these properties which occurred between 1973 and 1977. Estimates suggest that this increase will range from forty to eighty percent, depending on the class and location of the property. However, since non base-year property is not assessed under the base-year, these properties will not be affected by the reassessment, and their valuations for assessment will remain unchanged. For this reason, base-year property will comprise a larger portion of the state's total taxable assessed valuation after the reassessment, and will assume a greater share of the property tax burden imposed by local governments.

Because of the combined effects of this tax shift and the normal property tax increases which occur from year to year, the property tax liabilities attributable to base-year property could be substantially increased. Responding to this probable tax increase on base-year property, the Interim Committee on Finance is recommending a bill designed to lessen that impact, to the 1981 Session of the General Assembly.

## Interim Finance Committee Recommendations

Current Colorado law limits the revenues of most local governments derived from the property tax to a seven percent yearly increase. Exceptions to this limitation are revenues needed to retire bonded indebtedness and fund fire protection district pensions, and revenues provided by inclusion of new properties on the tax rolls. Units of local government not addressed by existing law include school districts (which are governed by the "Public School Finance Act of 1973") and home rule cities. Local governments desiring larger than a seven percent increase can be granted an additional increase by the Division of Local Government or the electorate.

To cope with the expected tax increase to base-year property, the 1980 interim Committee on Finance recommended Bill 1 which extends the existing seven percent limitation on revenues raised from the property tax to home rule cities but maintains the exception for growth, revenue raised to provide for the payment of bonds and inter-

est, for the payment of pension funds by fire protection districts, and uninsured judgments. The bill also abolishes the Division of Local Government's function of approving increases over the seven percent limitation and provides that any increase over seven percent must be submitted to and approved by the electors.

To insure that assessors are actually implementing the 1977 base-year level of value, the bill contains a provision requiring the Director of Research of the Legislative Council, through a contract with a private consultant, to conduct a one percent sampling of assessments to determine if proper assessment procedures are being utilized statewide. The bill also insures that the seven percent revenue raising limitation prevails over all other property tax revenue limitations in the event that other limitations are less restrictive. For counties and municipalities which have limitations on each of their several funds, the seven percent limit applies to all funds in the aggregate.

### School Finance Alternatives

The bill proposed by the Interim Committee on Finance will limit the property taxes which can be generated by units of local government, thereby helping to reduce the large possible tax increases which would otherwise be imposed on owners of base-year property. However, because of the tax shift problem, base-year property tax liabilities can still be expected to increase.

In order to provide a baseline against which to examine possible school finance alternatives which can be utilized to offset the tax increases on base-year property, the current school finance act was projected through 1984. These projections based on the current law assume yearly rates of change in pupil counts provided by the Department of Education. In addition, for comparison purposes, rates of growth in assessed valuation were projected for each school district through 1984 as if the assessments were to continue to be based upon the 1973 base-year. These projections were made to see what would happen if no change in the school finance act or assessment procedures were implemented.

Next, assuming the same rates of growth in pupil counts and local property wealth as were assumed above, a set of projections were made for 1983 and 1984. These projections simulated a stabilized statewide average mill levy for school district general funds, and the continuation of the minimum ARB, and flat dollar ARB increases. As previously noted, the stabilized mill approach has been used for the four years of SB 25 and SB 11 (1979-1982), and these projections were designed to show the costs of extending the General Assembly's current school finance strategy if no other changes in the school finance act or assessment procedures were implemented.

Finally, using the assumptions outlined above, each school district's base-year property valuation was increased by forty percent to

reflect the change in the base-year and four school finance options were projected. Then each school district's base-year property was increased by eighty percent, to reflect a higher estimate of the effects of changing the base-year, and the same four school finance options were projected again. The two impact assumptions were derived from testimony presented before the committee. The four school finance options run at each impact assumption are outlined below.

- Option 1. Hold the percentage ratio of state equalization to local property tax revenues for 1984 under the stabilized mill approach (without a change in the base-year) constant for 1984 assuming a change in the base-year.
- Option 2. Hold the dollar amount of property tax collections which would occur in 1984 under the stabilized mill approach (without a change in the base-year) constant for 1984 assuming a change of the base-year.
- Option 3. Freeze the dollar amount of property tax collections which would occur in 1983 under the stabilized mill approach for 1984 under the change in the base-year.
- Option 4. Hold base-year property owners' tax liabilities constant for 1984 under the change of the base-year by reducing their school district general fund mill levies in amounts corresponding to the tax shift under the forty percent and eighty percent impact estimates.

Table V compares the costs and features of school finance under the current law, stabilized mill approach, and the four options outlined above at the forty and eighty percent impact estimates.

Table VI illustrates the impacts of the four options on three hypothetical residential property owners.



TABLE V

Comparison of School Finance Options Under HR 1452 for 1984

Option 1 -- Freeze 1983 Property Tax/State Aid Ratio for 1984  
 Option 2 -- Freeze 1984 School Property Tax Level at Level Which Would be Raised in 1984 Without Revaluation  
 Option 3 -- Freeze 1984 School Property Taxes at Projected 1983 Levels  
 Option 4 -- Hold Harmless - Reduce 1984 School Property Taxes to Compensate for Tax Increases in Other Taxes

| Year                              | Guarantee | Minimum/<br>Alternate<br>Minimum | Avg.<br>Mill | State<br>Equalization<br>(millions) | Property<br>Tax<br>(millions) | State<br>Equalization<br>Increase<br>(Decrease)<br>(millions) | Increase<br>over<br>Constant<br>Mill<br>(millions) | ARB<br>Increase | Min.<br>ARB | Number of<br>Districts<br>on Min. |
|-----------------------------------|-----------|----------------------------------|--------------|-------------------------------------|-------------------------------|---|--|-----------------|-------------|-----------------------------------|
| <u>Current Law</u>                |           |                                  |              |                                     |                               |   |  |                 |             |                                   |
| 82                                | \$ 53.37  | 11.35/15.53                      | 38.60        | \$591.158                           | \$538.934                     | \$ --   | \$ --  | \$160           | \$2,000     | 58                                |
| 83                                | 48.07     | 11.35/15.53                      | 44.72        | 591.159                             | 682.112                       | --  | --   | 7%              | --          |                                   |
| 84 1/                             | 45.82     | 11.35/15.53                      | 48.73        | 591.197                             | 783.090                       | --  | --   | 7%              | --          |                                   |
| <u>Stabilized Mill</u>            |           |                                  |              |                                     |                               |   |  |                 |             |                                   |
| 83                                | \$ 58.99  | 11.35/16.56                      | 38.60        | 695.335                             | 582.885                       | 104.176   | --   | 170             | 2,200       | 53                                |
| 84 1/                             | 63.14     | 11.35/17.62                      | 38.60        | 758.165                             | 616.121                       | 166.968   | --   | 180             | 2,400       | 50                                |
| <u>1984 Options at 40% Impact</u> |           |                                  |              |                                     |                               |   |  |                 |             |                                   |
| 1)                                | \$ 84.35  | 11.35/17.62                      | 29.60        | 753.539                             | 630.196                       | 162.342   | (4.626)  | 180             | 2,400       | 39                                |
| 2)                                | 86.35     | 11.35/17.62                      | 28.97        | 766.881                             | 616.831                       | 175.684   | 8.716  | 180             | 2,400       | 37                                |
| 3)                                | 92.54     | 11.35/17.62                      | 27.20        | 804.541                             | 579.205                       | 213.344   | 46.376   | 180             | 2,400       | 35                                |
| 4)                                | 96.91     | 11.35/17.62                      | 26.08        | 828.405                             | 555.343                       | 237.208   | 70.240   | 180             | 2,400       | 32                                |
| <u>1984 Options at 80% Impact</u> |           |                                  |              |                                     |                               |   |  |                 |             |                                   |
| 1)                                | \$104.44  | 11.35/17.62                      | 24.18        | \$753.561                           | 630.173                       | 162.364   | (4.604)  | 180             | 2,400       | 33                                |
| 2)                                | 106.91    | 11.35/17.62                      | 23.67        | 766.951                             | 616.782                       | 175.754   | 8.786  | 180             | 2,400       | 33                                |
| 3)                                | 114.51    | 11.35/17.62                      | 22.22        | 804.584                             | 579.150                       | 213.387   | 46.419   | 180             | 2,400       | 29                                |
| 4)                                | 135.93    | 11.35/17.62                      | 18.97        | 889.264                             | 494.469                       | 298.067   | 131.099  | 180             | 2,400       | 19                                |

1/ Assumes no revaluation

TABLE VI  
Comparison of Property Tax Burdens Under  
Selected School Finance Options

| 1980 Market<br>Value 1/ | Computation of Tax<br>with 1973 Manual |                   |          | Computation of Tax<br>1977 Manual at 40% |                   |          | Computation of Tax<br>1977 Manual at 80% |                   |           |
|-------------------------|--|-------------------|----------|--|-------------------|----------|--|-------------------|-----------|
|                         | Mill                                   | Assessed<br>Value | Tax      | Mill                                     | Assessed<br>Value | Tax      | Mill                                     | Assessed<br>Value | Tax       |
| \$ 75,500               |  |                   |          |  |                   |          |  |                   |           |
| Tax With No Change      | 81.04                                  | \$ 8,500          | \$688.84 |  |                   |          |  |                   |           |
| Tax With Options:       |  |                   |          |  |                   |          |  |                   |           |
| 1                       |  |                   |          | 61.48                                    | \$11,900          | \$731.61 | 50.21                                    | \$15,300          | \$ 768.21 |
| 2                       |  |                   |          | 60.85                                    | \$11,900          | \$724.11 | 49.70                                    | \$15,300          | \$ 760.41 |
| 3                       |  |                   |          | 59.08                                    | \$11,900          | \$703.52 | 48.25                                    | \$15,300          | \$ 738.22 |
| 4                       |  |                   |          | 57.96                                    | \$11,900          | \$689.72 | 45.00                                    | \$15,300          | \$ 688.50 |
| \$ 88,500               |  |                   |          |  |                   |          |  |                   |           |
| Tax With No Change      | 81.04                                  | \$10,000          | \$810.40 |  |                   |          |  |                   |           |
| Tax With Options:       |  |                   |          |  |                   |          |  |                   |           |
| 1                       |  |                   |          | 61.48                                    | \$14,000          | \$860.72 | 50.21                                    | \$18,000          | \$ 903.78 |
| 2                       |  |                   |          | 60.85                                    | \$14,000          | \$851.90 | 49.70                                    | \$18,000          | \$ 894.60 |
| 3                       |  |                   |          | 59.08                                    | \$14,000          | \$827.12 | 48.25                                    | \$18,000          | \$ 868.50 |
| 4                       |  |                   |          | 57.96                                    | \$14,000          | \$811.44 | 45.00                                    | \$18,000          | \$ 810.00 |
| \$102,000               |  |                   |          |  |                   |          |  |                   |           |
| Tax With No Change      | 81.04                                  | \$11,500          | 931.96   |  |                   |          |  |                   |           |
| Tax With Options:       |  |                   |          |  |                   |          |  |                   |           |
| 1                       |  |                   |          | 61.48                                    | \$16,100          | \$989.83 | 50.21                                    | \$20,700          | \$1039.35 |
| 2                       |  |                   |          | 60.85                                    | \$16,100          | \$979.69 | 49.70                                    | \$20,700          | \$1028.79 |
| 3                       |  |                   |          | 59.08                                    | \$16,100          | \$951.19 | 48.25                                    | \$20,700          | \$ 998.77 |
| 4                       |  |                   |          | 57.96                                    | \$16,100          | \$933.16 | 45.00                                    | \$20,700          | \$ 931.50 |

1/ Assumes 15% annual growth 1973 through 1980; 1973 manual assessed values are 30 percent of 1973 value; 1977 assessed values reflect 40 percent and 80 percent increase respectively over 1973 assessed values.

## Legal Briefing

Attorneys for the State of Colorado, intervening school districts, and the General Assembly summarized the decision of the Colorado District Court and reviewed their arguments to be used in the appeal of the case to the Colorado Supreme Court.

### Summary of District Court Decision

Grounds. The plaintiffs in Lujan v. State Board of Education who are 69 school children from 16 school districts, alleged that the Colorado system of financing public schools violates three constitutional provisions:

- 1) The equal protection clause of the fourteenth amendment to the U.S. Constitution;
- 2) The equal protection provisions of the Colorado constitution; and
- 3) The education clause of the Colorado constitution, which requires the general assembly to "provide for the establishment and maintenance of a thorough and uniform system of free public schools throughout the state...".

The usual test of whether a statute denies equal protection is called the "rational basis test". Under the rational basis test, the plaintiff in the case bears the burden of proving that the statute has no rational relationship to a legitimate state purpose and that the challenged classifications made by the statute are irrational or arbitrary.

However, if it is determined that the statute interferes with the exercise of a fundamental right, or is classified as "suspect", a court will apply a more rigorous standard, the "strict scrutiny test". Once the strict scrutiny test is held to be applicable, the plaintiff no longer bears the burden of proof; instead, the defendant has the burden of showing (1) a compelling state interest which justifies the use of the law under attack, (2) that no other reasonable, less discriminatory legislative scheme could accomplish the same objective, and (3) that the distinctions drawn by the law are necessary to further the law's purpose. The court ruled that equal educational opportunity is a fundamental right.

On March 13, 1979, Judge Joseph Quinn entered judgement on the case based upon the following findings of fact and conclusions of law.

#### Findings of Fact. Judge Quinn found that:

- 1) School districts with high assessed valuations per pupil have greater fiscal ability to raise revenue for education from local taxes than do other school districts;

2) Disparities among school districts in 1977 authorized revenue bases (ARB) per pupil are explained by the differences in 1973 assessed valuations per pupil;

3) State equalization aid, as governed by the per-pupil-per-mill amounts which have been set for each year by the General Assembly under the 1973 School Finance Act, is incapable of equalizing the revenue raising potential of low-wealth districts with that of high-wealth districts, and the minimum guarantee provisions increase the disparity in fiscal ability to raise revenue;

4) The result of requiring a district to pay for an initial ARB increase solely out of local property taxes is that a low-wealth district is curtailed, if not prevented, "from pursuing a higher quality educational program for its students and from making significant choices in its curricular and total educational program";

5) Low-wealth districts levy at higher rates, but produce less revenue, than high-wealth districts for capital construction purposes;

6) A high correlation exists between personal poverty, measured by family income, and low assessed valuation per pupil;

7) Even with the passage of SB 138 (1977 Session) and SB 25 (1978 Session) local taxable wealth will continue to be strongly related to district fiscal potential and spending ability, and wealth-related spending disparities will not be eliminated;

8) The level of expenditures per pupil is directly related to the ability of a school district to provide a measure of educational quality and opportunity in its curricular and overall program; and

9) Low-wealth districts have no meaningful degree of fiscal control because of the requirement that an ARB increase be financed from local property taxes in the first year, and that there is a concomitant lack of administrative control.

Conclusions of Law. Based upon the preceding findings of fact, Judge Quinn determined that the fundamental right of equal educational opportunity was interfered with in the following respects:

(1) With respect to the authorized revenue base (ARB), the differences therein based on district property tax wealth interferes with equal educational opportunity, and the method for increasing the ARB beyond the statutorily prescribed level results in a "chilling effect" on educational opportunities. Moreover, ARBs do not reflect differences in costs or pupil needs.

(2) State equalization aid does not alleviate wealth-related expenditure disparities, and therefore disparities in the quality of educational opportunities remain.

(3) The minimum guarantee provisions cause an economic wind-

fall for wealthy districts and thus adversely affect equal educational opportunity.

(4) The fiscal capacity to raise revenues for the capital reserve and bond redemption funds is directly related to the taxable wealth of the district, and this fiscal capacity affects the quality of educational opportunity,

Based upon these same factors, Judge Quinn also determine that a suspect class existed and suggestd the following alternatives to achieve governmental objectives: (a) a uniform ARB level sufficient to provide a qualitative educational experience; (b) elimination of the minimum guarantee; (c) state aid to fund ARB increases in the first year; and d) state aid for capital expenditures. Other options suggested were: full state funding; redrawing district lines to equalize taxable wealth; taxation of industrial and commercial property at the state level, with distribution on the basis of need; pure power equalization; and combinations of the above.

Where the Lujan Case Stands. The District Court's order provided that the District Court retained jurisdiction, in order that the Lujan plaintiffs could apply for relief if a school financing system was not established within two years after entry of judgment (March 13, 1979), such a system would have to comply with the constitutional requirements within six years after entry of judgment under the order (by 1985). If the state does not meet the two-year deadline, the District Court ordered that the plaintiffs would be entitled to injunctive relief and, if necessary, public officials might be ordered to reallocate school funds in a manner consistent with the federal and state constitutions and with the Lujan opinion. This timetable is subject to review by the Supreme Court, just as are other portions of the opinion.

As of this writing, the case is in the Colorado Supreme Court. The Supreme Court issued a stay of the District Court ordered on July 5, 1979, pending the appeal. A Supreme Court decision on the appeal is expected in the fall of 1981.

A thorough analysis of the District Court opinion is contained in the report of the 1979 Interim Committee on School Finance, Legislative Council Publication No. 243, pages 38 through 49.

#### Summary of Arguments

Because both the attorneys for the state and intervening school districts were involved at the trial court level and represent parties directly at interest in the suit, their arguments respond to the grounds, findings of fact, and conclusions of law of the District Court. The General Assembly has joined in the suit as a "friend of the court". The interest of the General Assembly as "friend of the court" (amicus curiae) is not directly related to the findings, and conclusions of the lower court, but is more pointed toward the concept

that the General Assembly should retain jurisdiction over the writing of any changes to the existing law. The three legal staffs (attorneys representing the state of Colorado, attorneys representing intervening school districts, and attorneys representing the General Assembly as amicus curiae) challenging the district court decision, submitted in writing their basic positions to the committee. The positions are excerpted below.

Attorneys Representing the State of Colorado,  
(Department of Law)

Grounds

1. The trial court erred in applying the strict scrutiny standard to the plaintiffs' equal protection claims under both the federal and state constitutions.
  - A. The supreme court's decision in Rodriguez is dispositive and establishes that the rational basis test applies to plaintiffs' federal equal protection claims.
  - B. The rational basis test applies under the state constitution.
    - 1) Education is not a fundamental right in Colorado.
    - 2) If this court finds education is a fundamental right, that right should be defined as the right to a basic education.
    - 3) There is no class based on wealth. Even if there were such a class, it would not be suspect.
  - C. If this court does not adopt the rational basis test for adjudicating plaintiffs' equal protection claims, it should adopt an intermediate balancing test.
2. The "thorough and uniform" system of education established in article IX, section 2 of the Colorado constitution does not require that every school district expend equal dollars per pupil or provide identical curriculum and programs.
  - A. The general assembly is constitutionally required only to provide a thorough and uniform system of free public schools throughout the state.
  - B. Given the powers of local control delegated to the districts and the limitations placed on the state by the constitution, the state's financial obligation under Colorado constitution, article IX, section 2 is to insure that each district has sufficient funds to provide a basic education for its students.

### Findings of Fact/Conclusions of Law

3. The trial court erred in holding the four basic elements of the school finance system unconstitutional.
  - A. The ARB differences among the school districts are constitutionally permissible.
    - 1) Viewing the system as a whole, increases in the ARBs of lower spending districts have closed the gap to an acceptable level.
    - 2) Some ARB differences should always be present because of the differences in costs, needs, and priorities of the districts.
  - B. The trial court erred in invalidating the requirement that ARB increases approved by either the State School District Budget Review Board or the electorate must be locally funded for the first year.
  - C. The minimum guarantee provision should be upheld because it does not affect educational opportunity, is solely a tax relief measure, and effectuates the constitutionally required distribution of the public school fund.
  - D. The state has no constitutional obligation to assist in financing capital outlay expenditures of local school districts.
4. The trial court erred in failing to consider all sources of funds for school districts and total expenditures of school districts.
5. The state has met its obligations under both equal protection standards and the "through and uniform" provision. The state's constitutional obligation is to provide for both basic education and local control. The trial court's proposed remedies pose serious constitutional problems and could adversely affect education.

### Attorneys Representing Intervening School Districts, and

#### Grounds

1. Education or equal education opportunity, while a very important governmental function, is not a "fundamental right" for purposes of equal protection of the laws.
  - A. Fundamental rights are appropriately limited to those rights which are integral to our system of government or are so essentially personal as to preexist the social contract.

B. At most, education is related to the more perfect exercise of such fundamental rights as freedom of speech or voting. It is, however, itself, a governmental function similar in constitutional importance to police and fire protection, welfare and public housing.

C. Equality of educational opportunity is too imprecise a concept to be judicially protectable as a fundamental right.

2. No suspect classification based upon wealth is created by the finance system.

A. Wealth classifications are "suspect" only where they infringe upon a fundamental right.

B. There is no absolute deprivation of education resulting from any supposed wealth classification.

3. The "through and uniform" clause, when read in conjunction with the "local control" clause embodies a system of education which mandates preservation of local control, subject only to the general supervision of the State.

4. Local control is a sufficiently important governmental interest to justify the system of public school finance.

#### Findings of Fact/Conclusions of Law

5. Variations in district assessed valuation per pupil ("wealth") exist, however, they are not random but are related to district pupil population and geography.

6. Due to the Public School Finance Act, these wealth variations do not significantly affect district revenue raising ability.

7. The ARBs are accurate proxies for real district financial needs.

8. Variations in expenditure levels are not wealth-related but are functions of pupil population, demography, geography, local economic factors, and local educational decision-making.

9. Categorical aids and other elements of the finance system are responsive to quantifiable variant local needs (e.g., transportation, small attendance centers, low-income students).

10. All school districts offer a sound educational program including basic skills and electives.

11. Variations in school district programs reflect local conditions and educational prerogatives and are not wealth-related.



12. Educational quality is defined and assured by local control.
13. No relationship exists between district assessed valuation per pupil and the personal wealth of its residents.
14. The trial court found the Public School Finance Act unconstitutional because it is not visibly geared to determine and meet variant educational needs. Compliance with the court's ruling would require that the legislature define the elements constituting educational opportunity, create a procedure to determine the costs of providing such elements for each district and fund on that basis. Interdistrict spending variations would have to be justified on the basis of the State's definition of education and cost determinations. This would inevitably destroy the flexibility of the local districts and would inordinately increase the costs of state level administration.

Attorneys Representing the General Assembly  
(as Amicus Curiae)

The position of the amicus curiae concerns the implications of the district court's opinion in Lujan for the General Assembly as an institution - as one of the three coequal branches of government under our system of separation of powers. This institutional interest is of a different type from the individual interests of the 100 legislators. The interest of the General Assembly as an institution arises because the decision in Lujan could profoundly affect the legislature's options for the future in the area of school finance - if the Supreme Court opinion is written in such a way that the General Assembly has little or no discretion over school finance policy, or if it leaves open the possibility of the courts' distributing school finance appropriations, the power of the legislature to perform its constitutional responsibilities is threatened. We believe that almost all members of the General Assembly agree on this proposition, regardless of their individual views on the constitutionality of the present system. Accordingly, arguments of the amicus curiae address only those issues which affect legislative prerogatives under the doctrine of separation of powers.

The position of the amicus curiae is expressed in three main arguments, each of which deals with one of the ways in which the district court failed to give due deference to legislative power and experience:

(1) The first argument treats the broad legal questions of separation of powers, particularly as they are presented by the district court's order of judgment, which states that if the General Assembly does not enact a constitutional plan within two years, to be fully implemented within six years, the court may itself reallocate available funds among school districts.

(2) The second argument explains how the district court opin-

ion does not reflect an understanding of the history of Colorado school laws, nor an appreciation for the policies and factors which have influenced the actions of the General Assembly in the area of school finance. The amicus curiae contends that the judiciary should not ignore these considerations on which school finance and other education laws have been based for more than 100 years.

(3) The third argument deals with the lists of alternatives to the present school finance system which the district court included in its opinion. The amicus curiae argues that these lists are not appropriate because they attempt to resolve complex issues of tax and fiscal policy in violation of the doctrine of separation of powers, they are not exhaustive; and they involve serious problems under the Colorado constitution.

**BILLS**

BILL 1

A BILL FOR AN ACT

1 CONCERNING THE COUNTING OF KINDERGARTEN PUPILS UNDER THE "PUBLIC  
2 SCHOOL FINANCE ACT OF 1973".

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Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Continues for one year the present method of counting kindergartners under the "Public School Finance Act of 1973".

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3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 22-50-102 (1) (b), Colorado Revised Statutes  
5 1973, as amended, is amended to read:

6 22-50-102. Definitions. (1) (b) For the period July 1,  
7 1976, through June 30, ~~1981~~ 1984, pupils enrolled in kindergarten  
8 classes shall be counted as one-half day of attendance or,  
9 alternatively, not more than a total of ninety full days per year  
10 of attendance, regardless of the number of days or hours of  
11 actual attendance; except that a district shall be entitled to  
12 count as one full day of attendance for the entire year the  
13 number of pupils enrolled in kindergarten classes of four hours

1 number of pupils enrolled in kindergarten classes of four hours  
2 and fifteen minutes per day or more, not to exceed the number  
3 counted by the district as full-day pupils during the four-week  
4 period ending the fourth Friday of October, 1975, or other  
5 counting period as provided in section 22-50-104 (1), during the  
6 calendar year 1975, AND THE STATE BOARD MAY, ON APPLICATION BY A  
7 DISTRICT, RAISE THE NUMBER OF FULL-DAY KINDERGARTEN PUPILS WHICH  
8 MAY BE COUNTED BY THE DISTRICT. The total number of pupils  
9 enrolled in kindergarten classes statewide who may be counted as  
10 one full day of attendance for the entire year shall not exceed  
11 three FIVE thousand. five-hundred:

12 SECTION 2. Safety clause. The general assembly hereby  
13 finds, determines, and declares that this act is necessary for  
14 the immediate preservation of the public peace, health, and  
15 safety.

BILL 3

A BILL FOR AN ACT

1 CONCERNING PUPIL TRANSPORTATION BY SCHOOL DISTRICTS, AND MAKING  
2 AN APPROPRIATION THEREFOR.

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Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Increases the mileage and percentage reimbursements for pupil transportation. Requires the department of education to provide specified technical assistance to school districts concerning their transportation programs, including information on the reduction of fuel consumption and safety matters. Allows the department of education to authorize the use of forty-foot transit type school buses.

---

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. The introductory portion to 22-51-104 (1) and  
5 22-51-104 (1) (a) and (1) (b), Colorado Revised Statutes 1973, as  
6 amended, are amended to read:

7 22-51-104. Methods of determining reimbursement  
8 entitlement. (1) For financial aid in providing pupil  
9 transportation, for entitlement periods ending on June 30, 1980  
10 1981, and thereafter, each school district shall have a

1 reimbursement entitlement, to be determined as follows:

2 (a) Forty FORTY-TWO AND ONE-HALF cents for each mile  
3 actually traveled by vehicles operated by or for the school  
4 district in providing pupil transportation during the entitlement  
5 period;

6 (b) Twenty-five THIRTY percent of any amount by which the  
7 school district's current operating expenditures for pupil  
8 transportation during the entitlement period exceeded the school  
9 district's reimbursement entitlement under the provisions of  
10 paragraph (a) of this subsection (1); and

11 SECTION 2. Article 51 of title 22, Colorado Revised  
12 Statutes 1973, as amended, is amended BY THE ADDITION OF A NEW  
13 SECTION to read:

14 22-51-111. Duties of department of education - assistance  
15 to local districts. (1) The department of education shall  
16 assist school districts in the operation of their pupil  
17 transportation programs. As a part of this assistance, the  
18 department shall provide at least the following services:

19 (a) Technical information concerning methods of reducing  
20 fuel consumption by district vehicles;

21 (b) Expertise in vehicle specifications, reconstruction,  
22 and maintenance;

23 (c) Consultation regarding safety matters, including but  
24 not limited to driver training and maintenance techniques;

25 (d) Assistance in developing bus routes for maximum service  
26 and efficiency.

1 (2) Each school district shall report annually to the  
2 department of education on the effectiveness of its fuel  
3 conservation program and on its actual fuel costs.

4 (3) The department of education shall make an annual survey  
5 of school districts to determine the effectiveness of fuel  
6 conservation programs and to gather information on new methods of  
7 fuel conservation. The department shall report annually to the  
8 governor and the general assembly on the results of the survey  
9 made pursuant to this subsection (3).

10 SECTION 3. 42-4-404 (2), Colorado Revised Statutes 1973, as  
11 amended, is amended to read:

12 42-4-404. Height and length of vehicles. (2) No single  
13 motor vehicle shall exceed a length of thirty-five feet extreme  
14 overall dimension, inclusive of front and rear bumpers. The  
15 length of vehicles used for the mass transportation of passengers  
16 wholly within the limits of a town, city, or municipality or  
17 within a radius of fifteen miles thereof may extend to forty  
18 feet. The length of school buses may extend to thirty-six feet.  
19 The department of education may authorize a school district to  
20 utilize school buses having a maximum length of forty feet upon a  
21 determination by the department that such an increase will result  
22 in savings in fuel consumption to the district. ~~however; school~~  
23 ~~buses having a maximum length of more than thirty-six feet--shall~~  
24 ~~contain three axes:~~

25 SECTION 4. Appropriation. In addition to any other  
26 appropriation, there is hereby appropriated out of any moneys in



1 the state treasury not otherwise appropriated, to the department  
2 of education, for the fiscal year beginning July 1, 1981:

3 (1) The sum of two million dollars (\$2,000,000), or so much  
4 thereof as may be necessary, to implement section 1 of this act;

5 (2) The sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), or so much thereof  
6 as may be necessary, and \_\_\_\_\_ FTE, to implement section 2 of this  
7 act.

8 SECTION 5. Effective date. This act shall take effect upon  
9 its passage; except that section 2 of this act shall take effect  
10 July 1, 1981.

11 SECTION 6. Safety clause. The general assembly hereby  
12 finds, determines, and declares that this act is necessary for  
13 the immediate preservation of the public peace, health, and  
14 safety.

BILL 4

A BILL FOR AN ACT

1 CONCERNING A PROGRAM TO ASSIST SCHOOL DISTRICTS IN MEETING THEIR  
2 ENERGY COSTS, AND MAKING AN APPROPRIATION THEREFOR.

---

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Allows school districts to increase their authorized revenue bases in the amount of the increase in their budgeted expenditures for utilities per pupil. Requires the department of education to provide specified technical assistance to school districts for their energy conservation programs. Establishes a program of grants to school districts for energy conservation projects involving capital improvements to school facilities, and authorizes the reimbursement of districts which undertook such projects during a specified period prior to the effective date of this act. Provides that the state will pay the administrative costs of the federal institutional buildings grants program, as prescribed by federal law, to enable school districts to participate in the program.

---

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 22-50-106 (2) (e) and (2) (f), Colorado Revised  
5 Statutes 1973, as amended, are amended to read:

6 22-50-106. Authorized revenue base per pupil of attendance  
7 entitlement - limitation. (2) (e) (I) For the 1982 budget year,

1 the authorized revenue base of a district for each pupil of  
2 attendance entitlement shall be the revenue base for each pupil  
3 of attendance entitlement for that district for the 1981 budget  
4 year plus one hundred sixty dollars; except that no district  
5 shall be required to have an authorized revenue base less than  
6 two thousand dollars per pupil of attendance entitlement.

7 (II) FOR THE 1982 BUDGET YEAR, THE AUTHORIZED REVENUE BASE  
8 OF A DISTRICT FOR EACH PUPIL OF ATTENDANCE ENTITLEMENT,  
9 DETERMINED IN ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH  
10 (e), SHALL BE INCREASED IN THE AMOUNT BY WHICH THE DISTRICT'S  
11 1982 BUDGETED EXPENDITURES FOR UTILITIES FOR EACH PUPIL OF 1982  
12 ATTENDANCE ENTITLEMENT EXCEEDS THE DISTRICT'S 1981 ACTUAL  
13 EXPENDITURES FOR UTILITIES FOR EACH PUPIL OF 1981 ATTENDANCE  
14 ENTITLEMENT. FUNDS BUDGETED FOR UTILITIES SHALL NOT BE  
15 TRANSFERRED TO ANY OTHER FUNCTION OR OBJECT.

16 (f) (I) For 1983 and thereafter, the general assembly shall  
17 review and establish the authorized revenue base of a district  
18 for each pupil of attendance entitlement; except that, in the  
19 absence of such action, the authorized revenue base of a district  
20 for each pupil of attendance entitlement shall be one hundred  
21 seven percent of the revenue base for each pupil of attendance  
22 entitlement for that district for the immediately preceding year.

23 (II) FOR EACH BUDGET YEAR AFTER 1982, THE AUTHORIZED  
24 REVENUE BASE OF A DISTRICT FOR EACH PUPIL OF ATTENDANCE  
25 ENTITLEMENT, AS DETERMINED IN ACCORDANCE WITH SUBPARAGRAPH (I) OF  
26 THIS PARAGRAPH (f), SHALL BE INCREASED IN THE AMOUNT BY WHICH

1 SUCH YEAR'S BUDGETED EXPENDITURES FOR UTILITIES FOR EACH PUPIL OF  
2 SUCH YEAR'S ATTENDANCE ENTITLEMENT EXCEEDS THE PRIOR YEAR'S  
3 ACTUAL EXPENDITURES FOR UTILITIES FOR EACH PUPIL OF THE PRIOR  
4 YEAR'S ATTENDANCE ENTITLEMENT. FUNDS BUDGETED FOR UTILITIES  
5 SHALL NOT BE TRANSFERRED TO ANY OTHER FUNCTION OR OBJECT.

6 SECTION 2. Title 22, Colorado Revised Statutes 1973, as  
7 amended, is amended BY THE ADDITION OF A NEW ARTICLE to read:

8 ARTICLE 52

9 Energy Conservation Programs

10 22-52-101. Duties of department of education - assistance  
11 to local districts. (1) The department of education shall  
12 assist school districts in their efforts to reduce energy  
13 consumption. As a part of this assistance, the department shall  
14 provide at least the following services to school districts:

15 (a) Technical information and correlation concerning energy  
16 conservation methods in school construction and in capital  
17 improvements in existing school facilities;

18 (b) Information and correlation about methods of operating  
19 school facilities in order to reduce energy consumption;

20 (c) Organization and presentation of regional and statewide  
21 conferences and workshops on energy conservation techniques.

22 (2) Each school district shall report annually to the  
23 department of education on the effectiveness of its energy  
24 conservation program and on its actual utility costs.

25 (3) The department of education shall make an annual survey  
26 of school districts to determine the effectiveness of energy

1 conservation programs and to gather information on new methods of  
2 energy conservation. The department shall report annually to the  
3 governor and the general assembly on the results of the survey  
4 made pursuant to this subsection (3).

5 22-52-102. Grant program. (1) The department of education  
6 may make grants and reimbursements to school districts, out of  
7 moneys appropriated to the department by the general assembly for  
8 such purpose, for energy conservation projects of school  
9 districts involving capital improvements in existing school  
10 facilities.

11 (2) Any school district may apply to the department for a  
12 grant under this subsection (2). It shall describe in its  
13 application the nature of the capital improvement for which the  
14 grant is sought and the energy and cost savings which the  
15 district expects to achieve through the project. No grant under  
16 this subsection (2) shall exceed seventy percent of the total  
17 cost of the energy conservation project. Each school district  
18 receiving a grant under this subsection (2) shall report annually  
19 to the department on the effectiveness of the energy conservation  
20 project.

21 (3) Any school district which undertook an energy  
22 conservation project which involved capital improvements in  
23 existing school facilities on or after July 1, 1978, but prior to  
24 July 1, 1981, may apply to the department of education for  
25 reimbursement of up to seventy percent of the total cost of the  
26 project. In awarding reimbursement under this subsection (3),

1 the department shall consider the amount of energy and cost  
2 savings achieved by the district through the energy conservation  
3 project.

4 22-52-103. Administrative funds for federal programs. The  
5 department of education shall pay, out of appropriations made by  
6 the general assembly, to the federal office of energy  
7 conservation, the costs of administering the federal  
8 institutional buildings grants program as prescribed by federal  
9 law in order for Colorado school districts to participate in such  
10 program.

11 SECTION 3. Appropriation. In addition to any other  
12 appropriation, there is hereby appropriated out of any moneys in  
13 the state treasury not otherwise appropriated, to the department  
14 of education, for the fiscal year beginning July 1, 1981:

15 (1) The sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), or so much  
16 thereof as may be necessary, to implement section 1 of this act;

17 (2) The sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), or so much  
18 thereof as may be necessary, and \_\_\_\_\_ FTE, to implement section  
19 22-52-101, Colorado Revised Statutes 1973;

20 (3) The sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), or so much  
21 thereof as may be necessary, to implement section 22-52-102,  
22 Colorado Revised Statutes 1973;

23 (4) The sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), or so much  
24 thereof as may be necessary, to implement section 22-52-103,  
25 Colorado Revised Statutes 1973.

26 SECTION 4. Effective date. This act shall take effect July

1 1, 1981.

2 SECTION 5. Safety clause. The general assembly hereby  
3 finds, determines, and declares that this act is necessary for  
4 the immediate preservation of the public peace, health, and  
5 safety.

APPENDICES



APPENDIX A

RESOLUTION

1           WHEREAS, The State Auditor recommended in 1979 that  
2 school districts use a different method of recording accrued  
3 teachers' salaries on their books and that any deficit created  
4 by the new method be financed from future revenues over a  
5 three- to five-year period; and

6           WHEREAS, The 1979 Interim Committee on School Finance  
7 took issue with the Auditor's recommendations and adopted the  
8 following motion:

9                   "The Department of Education should  
10 notify the school districts that they are  
11 not required to fund or budget the  
12 liability for accrued salaries, but that  
13 the accrued salaries should be recorded as  
14 a liability in the fund balance equity  
15 section of the district's financial  
16 statement.";

17 and

18           WHEREAS, The Department of Education and the State  
19 Auditor have taken the position that this motion applied only  
20 to the amount of accrued teachers' salaries which existed in  
21 1979, and that any increases in accrued salaries in future  
22 years must be considered in the school districts' annual  
23 budgets; and

24           WHEREAS, A requirement that increases in accrued salaries  
25 be funded would result in school districts' raising additional  
26 revenues from the property tax, which revenues would not be  
27 needed for salary payments until the following year; and

28           WHEREAS, The property tax is already a burdensome tax,  
29 and the levy of an additional amount to raise revenues which  
30 would be kept out of circulation would violate the moral  
31 obligation of school board members; and

1           WHEREAS, The problem caused by the Auditor's  
2 recommendations will grow steadily since accrued salaries will  
3 increase, especially in high-growth districts; and

4           WHEREAS, Because of the timetable for adopting district  
5 budgets and for certifying amounts necessary to be raised to  
6 boards of county commissioners, it is already too late for  
7 districts to comply with the Auditor's recommendations for the  
8 fiscal year 1981; now, therefore,

9           Be It Resolved by the 1980 Interim Committee on School  
10 Finance:

11           That the motion of the 1979 Interim Committee on School  
12 Finance was intended to apply not only to the amount of  
13 accrued teachers' salaries which existed in 1979 but also to  
14 all subsequent increases in such amount; and, therefore, that  
15 no school district should be required to fund or to budget the  
16 liability for accrued salaries in the year of accrual but that  
17 such liability should be recorded in the fund balance equity  
18 section of the district's financial statement.

APPENDIX B  
COLORADO GENERAL ASSEMBLY



LEGISLATIVE COUNCIL

ROOM 46 STATE CAPITOL  
DENVER, COLORADO 80203  
839-3521

AREA CODE 303

December 23, 1980

OFFICERS

SEN. FRED E. ANDERSON

Chairman

REP. JOHN G. HAMLIN

Vice Chairman

STAFF

LYLE C. KYLE

Director

DAVID F. MORRISSEY

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SEN. BARBARA S. HOLME

SEN. DAN D. NOBLE

SEN. DONALD A. SANDOVAL

SEN. L. DUANE WOODARD

REP. W. H. "BILL" BECKER

REP. ROBERT F. BURFORD

REP. STEVEN J. DURHAM

REP. CHARLES B. "CHUCK" HOWE

REP. BOB LEON KIRSCHT

REP. PHILLIP MASSARI

Senator Tilman Bishop, Chairman  
Legislative Audit Committee  
Room 202  
State Capitol Building  
Denver, Colorado 80203

Dear Tillie:

At its September 22, 1980, meeting, the Legislative Council directed the interim Committee on School Finance to examine the accounting method used by school districts to record the accrual of salaries of teachers who contract to teach for nine months but request payment over a twelve month period. The council further directed the committee to work on this issue in conjunction with the Audit Committee.

The State Auditor recommended in 1979 that school districts use an accrual rather than a cash method for recording these teachers' salaries on their books and that any deficit created by the new method be financed during the year in which the liability was incurred. The 1979 Interim Committee on School Finance took issue with the Auditor's recommendations and adopted the following motion:

The Department of Education should notify the school districts that they are not required to fund or budget the liability of accrued salaries, but that the accrued salaries should be recorded as a liability in the fund balance equity section of the district's financial statement.

Subsequently, the Department of Education and the State Auditor took the position that this motion applied only to the amount of accrued teachers' salaries which existed in 1979, and that any increases in accrued salaries in future years must be funded in the school districts' annual budgets.

The 1980 interim Committee on School Finance determined that this funding requirement results in school districts raising additional revenues from the property tax, which are not needed for salary payments until the following year, and that the amounts needed to fund the accruals will grow steadily since accrued salaries will increase, especially in high-growth districts.

The generation of these tax dollars, only to be held in an ever increasing reserve, was thought to be unnecessary by the committee.

The committee, based upon its findings during the interim, adopted a resolution on this subject. A copy of the resolution is enclosed.

I would welcome the opportunity to appear before the Audit Committee to present the School Finance Committee's resolution and review its deliberations in this area. Thank you for your consideration of this matter.

Very truly yours,



Senator Al Meiklejohn  
Chairman  
Interim Committee on  
School Finance

AM/sh  
Enc: 1

APPENDIX C

(1) (2) (3) (4) (5) (6) (7) (8)

FROM 1980 BUDGETS 9/23/80  
Ed Steinbrecher

| COUNTY    | District            | CAPITAL RESERVE                    |                 |                               | BOND REDEMPTION      |                          |                      |   |                      |
|-----------|---------------------|------------------------------------|-----------------|-------------------------------|----------------------|--------------------------|----------------------|---|----------------------|
|           |                     | Dollars/<br>Per Pupil/<br>Per Mill | Mills<br>Levied | Total<br>Dollars<br>Generated | Revenue<br>Per Pupil | Outstanding<br>Principal | Average<br>Mill Rate | Annual<br>Principal/<br>Interest<br>Payment | Revenue<br>Per Pupil |
| ADAMS     |                     |                                    |                 |                               |                      |                          |                      |   |                      |
|           | Mapleton            | 21.28                              | 4.00            | 403,842                       | 85                   | 2,760,000                | 7.45                 | 845,900                                     | 158                  |
|           | Northglenn-Thornton | 12.34                              | 4.00            | 876,957                       | 49                   | 32,905,000               | 19.20                | 4,329,200                                   | 237                  |
|           | Alamos County       | 16.98                              | 4.00            | 384,910                       | 68                   | 10,540,000               | 6.24                 | 653,020                                     | 106                  |
|           | Brighton            | 20.48                              | 4.00            | 320,568                       | 87                   | 3,250,000                | 6.73                 | 609,356                                     | 137                  |
|           | Bennett             | 24.20                              | 4.00            | 50,563                        | 97                   | 786,000                  | 6.31                 | 93,847                                      | 153                  |
|           | Strasburg           | 39.90                              | 4.00            | 63,896                        | 160                  | 1,750,000                | 15.86                | 257,433                                     | 632                  |
|           | Westminster         | 13.56                              | 4.00            | 671,514                       | 54                   | 11,490,000               | 9.79                 | 1,713,875                                   | 133                  |
| ALAMOSA   |                     |                                    |                 |                               |                      |                          |                      |   |                      |
|           | Alamosa             | 17.50                              | 4.00            | 147,301                       | 70                   | -                        | -                    | 40,300                                      | 123                  |
|           | Sangre De Cristo    | 20.54                              | 4.00            | 22,930                        | 82                   | 325,000                  | 6.00                 | -   | -                    |
| ARAPAHOE  |                     |                                    |                 |                               |                      |                          |                      |   |                      |
|           | Englewood           | 31.71                              | 4.00            | 444,913                       | 127                  | -                        | -                    | 158,220                                     | 94                   |
|           | Sheridan            | 18.71                              | 4.00            | 121,656                       | 75                   | 1,130,000                | 5.00                 | 7,852,618                                   | 348                  |
|           | Cherry Creek        | 25.79                              | 4.00            | 1,934,315                     | 103                  | 105,030,000              | 13.50                | 2,753,077                                   | 144                  |
|           | Littleton           | 17.82                              | 4.00            | 1,155,459                     | 71                   | 24,085,000               | 8.11                 | 166,280                                     | 1006                 |
|           | Deer Trail          | 134.21                             | -               | -                             | -                    | 1,005,000                | 7.50                 | 3,804,383                                   | 177                  |
|           | Aurora              | 16.09                              | 4.00            | 1,352,205                     | 64                   | 35,635,000               | 11.00                | 200,777                                     | 448                  |
|           | Byers               | 36.53                              | 4.00            | 47,751                        | 146                  | 1,800,000                | 12.27                | -   | -                    |
| ARCHULETA |                     |                                    |                 |                               |                      |                          |                      |   |                      |
|           | Archuleta County    | 30.96                              | 4.00            | 117,444                       | 124                  | 277,000                  | 1.47                 | 50,000                                      | 45                   |
| BACA      |                     |                                    |                 |                               |                      |                          |                      |   |                      |
|           | Walsh               | 32.12                              | 4.00            | 51,518                        | 128                  | 500,000                  | 6.75                 | 59,031                                      | 153                  |
|           | Fritchett           | 46.98                              | 4.00            | 15,618                        | 188                  | -                        | -                    | -   | -                    |
|           | Springfield         | 22.63                              | 4.00            | 44,002                        | 90                   | -                        | -                    | 6,945                                       | 57                   |
|           | Vilas               | 56.86                              | 4.00            | 18,719                        | 227                  | 20,000                   | 1.00                 | 2,403                                       | 78                   |
|           | Campo               | 25.99                              | 4.00            | 11,375                        | 104                  | -                        | -                    | -   | -                    |
| BENT      |                     |                                    |                 |                               |                      |                          |                      |   |                      |
|           | Las Animas          | 13.15                              | 4.00            | 49,734                        | 53                   | 250,000                  | 4.62                 | 62,700                                      | 61                   |
|           | McClave             | 39.37                              | -               | -                             | -                    | -                        | -                    | -   | -                    |
| BOULDER   |                     |                                    |                 |                               |                      |                          |                      |   |                      |
|           | St Vrain Valley     | 20.04                              | 4.00            | 1,094,005                     | 80                   | 23,790,000               | 8.94                 | 2,815,608                                   | 179                  |
|           | Rouder Valley       | 25.59                              | 4.00            | 2,049,730                     | 102                  | 21,939,000               | 5.62                 | 3,271,500                                   | 144                  |
| CHAFFEE   |                     |                                    |                 |                               |                      |                          |                      |   |                      |
|           | Buena Vista         | 19.87                              | 4.00            | 89,414                        | 79                   | 831,000                  | 5.15                 | 145,230                                     | 102                  |
|           | Sallida             | 20.95                              | 4.00            | 108,936                       | 84                   | 340,000                  | 3.13                 | 110,350                                     | 66                   |
| CHEYENNE  |                     |                                    |                 |                               |                      |                          |                      |   |                      |
|           | Kit Carson          | 68.74                              | 4.00            | 30,082                        | 275                  | -                        | -                    | 65,000                                      | 299                  |
|           | Cheyenne Wells      | 53.94                              | 3.00            | 39,174                        | 162                  | 576,000                  | 5.54                 | -   | -                    |
|           | Arapahoe            | 71.17                              | 4.00            | 16,739                        | 285                  | -                        | -                    | -   | -                    |

-98-

| COUNTY<br>District | CAPITAL RESERVE                    |                 |                               |                      | BOND REDEMPTION          |                      |   |                      |
|--------------------|------------------------------------|-----------------|-------------------------------|----------------------|--------------------------|----------------------|---|----------------------|
|                    | Dollars/<br>Per Pupil/<br>Per Mill | Mills<br>Levied | Total<br>Dollars<br>Generated | Revenue<br>Per Pupil | Outstanding<br>Principal | Average<br>Mill Rate | Annual<br>Principal/<br>Interest<br>Payment | Revenue<br>Per Pupil |
| CLEAR CREEK        | 62.03                              | 4.00            | 311,595                       | 248                  | 440,000                  | 1.07                 | 103,255                                     | 66                   |
| CONEJOS            |                                    |                 |                               |                      |                          |                      |   |                      |
| North Conejos      | 6.87                               | 4.00            | 30,447                        | 27                   | -                        | -                    | -   | -                    |
| Sanford            | 8.37                               | 1.00            | 2,569                         | 8                    | 113,000                  | 6.00                 | 23,138                                      | 50                   |
| South Conejos      | 7.62                               | 4.00            | 20,206                        | 30                   | 189,000                  | 6.91                 | 37,906                                      | 53                   |
| COSTILLA           |                                    |                 |                               |                      |                          |                      |   |                      |
| Centennial         | 22.38                              | 4.00            | 48,742                        | 89                   | 875,000                  | 9.88                 | 103,205                                     | 221                  |
| Sierra Grande      | 67.90                              | 4.00            | 65,486                        | 272                  | -                        | 3.00                 | 52,520                                      | 204                  |
| CROWLEY            |                                    |                 |                               |                      |                          |                      |   |                      |
| Crowley            | 20.75                              | 4.00            | 42,336                        | 83                   | -                        | -                    | -   | -                    |
| CUSTER             |                                    |                 |                               |                      |                          |                      |   |                      |
| Westcliffe         | 49.04                              | 4.00            | 50,075                        | 196                  | 585,000                  | 4.10                 | 58,745                                      | 201                  |
| DELTA              |                                    |                 |                               |                      |                          |                      |   |                      |
| Delta              | 19.10                              | .50             | 37,608                        | 10                   | 12,950                   | 15.20                | 1,288,663                                   | 298                  |
| DENVER             |                                    |                 |                               |                      |                          |                      |   |                      |
| Denver             | 36.86                              | 4.00            | 8,746,883                     | 147                  | 10,361,000               | 1.61                 | 3,721,550                                   | 59                   |
| DOLORES            |                                    |                 |                               |                      |                          |                      |   |                      |
| Dolores            | 22.56                              | 4.00            | 33,476                        | 90                   | -                        | -                    | -   | -                    |
| DOUGLAS            |                                    |                 |                               |                      |                          |                      |   |                      |
| Douglas            | 19.31                              | 4.00            | 472,360                       | 77                   | 12,890,000               | 18.32                | 2,720,000                                   | 354                  |
| EAGLE              |                                    |                 |                               |                      |                          |                      |   |                      |
| Eagle              | 70.96                              | 4.00            | 476,720                       | 283                  | 13,660,000               | 10.99                | 1,509,788                                   | 780                  |
| ELBERT             |                                    |                 |                               |                      |                          |                      |   |                      |
| Elizabeth          | 14.58                              | 4.00            | 48,747                        | 58                   | 1,505,000                | 9.69                 | 131,255                                     | 141                  |
| Kiowa              | 63.20                              | 4.00            | 45,197                        | 253                  | 125,000                  | 3.13                 | 35,374                                      | 198                  |
| Big Sandy          | 22.19                              | 4.00            | 22,725                        | 89                   | 210,000                  | 6.78                 | 45,580                                      | 150                  |
| Elbert             | 15.07                              | 4.00            | 9,144                         | 60                   | 119,975                  | 8.10                 | 27,578                                      | 122                  |
| Agate              | 116.86                             | 2.00            | 10,984                        | 234                  | -                        | -                    | -   | -                    |
| EL PASO            |                                    |                 |                               |                      |                          |                      |   |                      |
| Calhan             | 13.73                              | 4.00            | 16,815                        | 55                   | 395,000                  | 13.00                | 53,744                                      | 178                  |
| Harrison           | 13.77                              | 4.00            | 360,078                       | 55                   | 6,485,000                | 9.92                 | 1,008,857                                   | 137                  |
| Widefield          | 8.79                               | 4.00            | 229,533                       | 35                   | 6,795,000                | 13.60                | 881,885                                     | 119                  |
| Fountain           | 5.13                               | 4.00            | 61,714                        | 21                   | 390,000                  | 6.04                 | 154,305                                     | 31                   |
| Colorado Springs   | 20.34                              | 4.00            | 2,438,600                     | 81                   | 4,370,000                | 8.27                 | 5,831,675                                   | 168                  |
| Cheyenne Mountain  | 23.82                              | 4.00            | 259,905                       | 135                  | 475,000                  | 3.62                 | 272,300                                     | 122                  |
| Manitou Springs    | 19.90                              | 4.00            | 84,313                        | 80                   | 2,360,000                | 10.16                | 237,043                                     | 202                  |
| Academy            | 15.15                              | 4.00            | 298,416                       | 61                   | 9,425,000                | 12.66                | 881,532                                     | 192                  |
| Ellicott           | 12.83                              | 2.95            | 14,290                        | 38                   | 301,000                  | 13.00                | 64,736                                      | 167                  |

(continued)

| COUNTY<br>District         | CAPITAL RESERVE                    |                 |                               |                      | BOND REDEMPTION          |                      |   |                      |
|----------------------------|------------------------------------|-----------------|-------------------------------|----------------------|--------------------------|----------------------|---|----------------------|
|                            | Dollars/<br>Per Pupil/<br>Per Mill | Mills<br>Levied | Total<br>Dollars<br>Generated | Revenue<br>Per Pupil | Outstanding<br>Principal | Average<br>Mill Rate | Annual<br>Principal/<br>Interest<br>Payment | Revenue<br>Per Pupil |
| <b>EL PASO (continued)</b> |                                    |                 |                               |                      |                          |                      |   |                      |
| Peyton                     | 17.56                              | 4.00            | 13,214                        | 70                   | 234,000                  | 11.71                | 29,000                                      | 206                  |
| Hanover                    | 76.85                              | 4.00            | 16,846                        | 307                  | 340,000                  | 8.00                 | 33,400                                      | 615                  |
| Lewis-Palmer               | 22.40                              | 4.00            | 109,062                       | 90                   | 4,601,000                | 12.05                | 361,521                                     | 270                  |
| Falcon                     | 14.45                              | 4.00            | 74,112                        | 58                   | 1,165,000                | 5.24                 | 146,685                                     | 76                   |
| Edison                     | 62.57                              | 4.00            | 7,007                         | 250                  | -                        | -                    | -   | -                    |
| Miami-Yoder                | 26.79                              | -               | -                             | -                    | 255,000                  | 10.00                | 37,556                                      | 268                  |
| <b>FREMONT</b>             |                                    |                 |                               |                      |                          |                      |   |                      |
| Canon City                 | 14.65                              | 4.00            | 195,560                       | 58                   | 395,000                  | 5.30                 | 282,250                                     | 78                   |
| Florence                   | 17.22                              | 4.00            | 102,956                       | 69                   | 2,555,000                | 8.07                 | 275,195                                     | 139                  |
| Cotopaxi                   | 40.00                              | 4.00            | 28,609                        | 160                  | 197,000                  | 3.69                 | 29,520                                      | 148                  |
| <b>GARFIELD</b>            |                                    |                 |                               |                      |                          |                      |   |                      |
| Roaring Fork               | 27.16                              | 4.00            | 314,598                       | 109                  | 3,470,000                | 6.16                 | 599,810                                     | 167                  |
| Garfield                   | 14.07                              | 4.00            | 94,917                        | 56                   | 1,760,000                | 7.00                 | 206,613                                     | 98                   |
| Grand Valley               | 23.10                              | 4.00            | 15,139                        | 92                   | 60,000                   | 7.55                 | 36,000                                      | 174                  |
| <b>GILPIN</b>              | 29.28                              | 2.00            | 15,227                        | 59                   | 1,475,000                | 4.00                 | 31,442                                      | 117                  |
| <b>GRAND</b>               |                                    |                 |                               |                      |                          |                      |   |                      |
| West Grand                 | 112.95                             | 4.00            | 214,200                       | 452                  | 3,175,000                | 6.00                 | 339,245                                     | 678                  |
| East Grand                 | 58.64                              | 3.72            | 191,762                       | 218                  | 8,914,000                | 12.25                | 851,512                                     | 718                  |
| <b>GUNNISON</b>            | 24.32                              | 4.00            | 135,361                       | 97                   | 35,000                   | 2.00                 | 74,688                                      | 49                   |
| <b>HINSDALE</b>            | 106.75                             | 4.00            | 25,706                        | 427                  | -                        | -                    | -   | -                    |
| <b>HUERFANO</b>            |                                    |                 |                               |                      |                          |                      |   |                      |
| Huerfano                   | 16.63                              | 4.00            | 63,490                        | 66                   | 1,095,000                | 10.00                | 163,053                                     | 166                  |
| La Veta                    | 37.55                              | 4.00            | 26,814                        | 150                  | 14,685                   | 1.50                 | 55,000                                      | 56                   |
| <b>JACKSON</b>             | 43.41                              | 2.00            | 35,938                        | 86                   | 278,000                  | 3.00                 | 68,475                                      | 130                  |
| <b>JEFFERSON</b>           | 21.02                              | 4.00            | 6,231,870                     | 84                   | 59,655,000               | 4.05                 | 7,336,237                                   | 85                   |
| <b>KIOWA</b>               |                                    |                 |                               |                      |                          |                      |   |                      |
| Eads                       | 40.23                              | 4.00            | 45,092                        | 161                  | 94,000                   | 3.71                 | 48,830                                      | 149                  |
| Plainview                  | 79.15                              | 4.00            | 31,185                        | 317                  | 57,000                   | 3.50                 | 30,360                                      | 277                  |
| <b>KIT CARSON</b>          |                                    |                 |                               |                      |                          |                      |   |                      |
| Flagler                    | 29.98                              | 4.00            | 20,450                        | 120                  | -                        | -                    | -   | -                    |
| Seibert                    | 41.91                              | -               | -                             | -                    | 95,000                   | 8.00                 | 25,500                                      | 335                  |
| Vona                       | 68.88                              | 2.00            | 5,331                         | 138                  | -                        | -                    | -   | -                    |
| Stratton                   | 25.52                              | 3.00            | 19,679                        | 76                   | 950,000                  | 12.50                | 86,025                                      | 319                  |
| Bethune                    | 27.09                              | 4.00            | 14,034                        | 108                  | -                        | -                    | -   | -                    |
| Burlington                 | 29.90                              | 4.00            | 114,086                       | 120                  | 722,000                  | 3.50                 | 148,724                                     | 104                  |
| <b>LAKE</b>                | 64.68                              | 2.00            | 230,232                       | 129                  | 3,580,000                | 3.60                 | 464,418                                     | 232                  |

| COUNTY<br>District | Dollars/<br>Per Pupil/<br>Per Mill | CAPITAL RESERVE |                               |                      | BOND REDEMPTION          |                      |   |                      |
|--------------------|------------------------------------|-----------------|-------------------------------|----------------------|--------------------------|----------------------|---|----------------------|
|                    |                                    | Mills<br>Levied | Total<br>Dollars<br>Generated | Revenue<br>Per Pupil | Outstanding<br>Principal | Average<br>Mill Rate | Annual<br>Principal/<br>Interest<br>Payment | Revenue<br>Per Pupil |
| <b>LA PLATA</b>    |                                    |                 |                               |                      |                          |                      |   |                      |
| Durango            | 25.92                              | 4.00            | 363,090                       | 104                  | 4,185,000                | 4.80                 | 508,457                                     | 124                  |
| Bayfield           | 26.77                              | 4.00            | 55,502                        | 107                  | 30,000                   | 5.71                 | 86,907                                      | 153                  |
| Ignacio            | 15.41                              | 2.00            | 28,480                        | 31                   | -                        | -                    | -   | -                    |
| <b>LARIMER</b>     |                                    |                 |                               |                      |                          |                      |   |                      |
| Poudre             | 23.66                              | 4.00            | 1,308,318                     | 95                   | 14,320,000               | 4.90                 | 1,879,625                                   | 116                  |
| Thompson           | 16.89                              | 4.00            | 639,028                       | 67                   | 27,170,000               | 15.08                | 2,761,195                                   | 255                  |
| Park               | 53.80                              | 4.00            | 222,473                       | 215                  | 1,815,000                | 3.00                 | 295,195                                     | 161                  |
| <b>LAS ANIMAS</b>  |                                    |                 |                               |                      |                          |                      |   |                      |
| Trinidad           | 9.19                               | 4.00            | 65,444                        | 37                   | 690,000                  | 5.00                 | 121,197                                     | 46                   |
| Primero            | 38.42                              | 4.00            | 35,807                        | 154                  | 100,000                  | 3.52                 | 31,510                                      | 135                  |
| Hoehne             | 18.47                              | 4.00            | 24,142                        | 74                   | -                        | 16.40                | 108,500                                     | 303                  |
| Aguiar             | 18.50                              | 4.00            | 14,754                        | 74                   | -                        | -                    | -   | -                    |
| Branson            | 40.31                              | 4.00            | 10,562                        | 161                  | 150,000                  | 8.50                 | 19,400                                      | 343                  |
| Kim                | 40.06                              | 1.00            | 4,178                         | 40                   | -                        | -                    | -   | -                    |
| <b>LINCOLN</b>     |                                    |                 |                               |                      |                          |                      |   |                      |
| Hugo               | 35.89                              | 4.00            | 25,766                        | 144                  | 170,000                  | 6.82                 | 53,020                                      | 245                  |
| Limon              | 35.60                              | 2.00            | 22,629                        | 51                   | 1,300,000                | 8.39                 | 103,548                                     | 215                  |
| Genoa              | 43.57                              | 4.00            | 11,869                        | 174                  | -                        | -                    | -   | -                    |
| Karval             | 43.94                              | 4.00            | 13,920                        | 176                  | -                        | -                    | -   | -                    |
| Arriba             | 71.10                              | 4.00            | 16,239                        | 284                  | -                        | -                    | -   | -                    |
| <b>LOGAN</b>       |                                    |                 |                               |                      |                          |                      |   |                      |
| Valley             | 24.44                              | 4.00            | 311,355                       | 98                   | 1,560,000                | 2.45                 | 227,835                                     | 60                   |
| Frenchman          | 23.93                              | 4.00            | 22,024                        | 96                   | 359,000                  | 8.50                 | 50,091                                      | 203                  |
| Buffalo            | 28.39                              | 2.00            | 14,576                        | 57                   | 190,000                  | 5.30                 | 38,380                                      | 150                  |
| Plateau            | 49.62                              | 4.00            | 29,475                        | 198                  | -                        | -                    | -   | -                    |
| <b>MESA</b>        |                                    |                 |                               |                      |                          |                      |   |                      |
| Debeque            | 96.85                              | 3.50            | 38,980                        | 339                  | -                        | 2.00                 | 17,216                                      | 194                  |
| Plateau Valley     | 25.03                              | 4.00            | 33,388                        | 100                  | -                        | -                    | -   | -                    |
| Mesa               | 18.60                              | 4.00            | 1,045,704                     | 74                   | 255,000                  | 2.74                 | 865,059                                     | 51                   |
| <b>MINERAL</b>     |                                    |                 |                               |                      |                          |                      |   |                      |
| Creede             | 73.54                              | 4.00            | 45,478                        | 294                  | 197,000                  | 4.00                 | 43,701                                      | 294                  |
| <b>MOFFAT</b>      |                                    |                 |                               |                      |                          |                      |   |                      |
| Moffat             | 69.07                              | 4.00            | 748,206                       | 276                  | 7,470,000                | 3.39                 | 729,595                                     | 234                  |
| <b>MONTEZUMA</b>   |                                    |                 |                               |                      |                          |                      |   |                      |
| Montezuma-Cortez   | 12.83                              | 4.00            | 138,072                       | 51                   | 778,000                  | 4.90                 | 227,156                                     | 63                   |
| Dolores            | 13.76                              | 4.00            | 25,700                        | 55                   | 413,000                  | 1.00                 | 57,718                                      | 14                   |
| Mancos             | 11.79                              | 4.00            | 19,770                        | 47                   | 54,000                   | 6.90                 | 37,683                                      | 77                   |



| COUNTY<br>District | CAPITAL RESERVE                    |                 |                               |                      | BOND REDEMPTION          |                      |   |                      |
|--------------------|------------------------------------|-----------------|-------------------------------|----------------------|--------------------------|----------------------|---|----------------------|
|                    | Dollars/<br>Per Pupil/<br>Per Mill | Mills<br>Levied | Total<br>Dollars<br>Generated | Revenue<br>Per Pupil | Outstanding<br>Principal | Average<br>Mill Rate | Annual<br>Principal/<br>Interest<br>Payment | Revenue<br>Per Pupil |
| MONTEROSE          |                                    |                 |                               |                      |                          |                      |   |                      |
| Montrose           | 14.00                              | 4.00            | 233,890                       | 56                   | 2,675,000                | 6.10                 | 354,025                                     | 85                   |
| West End           | 27.22                              | 4.00            | 82,014                        | 109                  | -                        | -                    | -   | -                    |
| MORGAN             |                                    |                 |                               |                      |                          |                      |   |                      |
| Brush              | -32.27                             | 4.00            | 176,070                       | 129                  | 1,265,000                | 4.50                 | 223,150                                     | 145                  |
| Fort Morgan        | 20.16                              | 4.00            | 211,394                       | 81                   | 2,480,000                | 7.78                 | 433,708                                     | 157                  |
| Weldon Valley      | 24.14                              | 4.00            | 15,257                        | 97                   | 204,000                  | 6.00                 | 28,687                                      | 145                  |
| Wiggins            | 25.12                              | 4.00            | 43,023                        | 100                  | 570,000                  | 5.89                 | 77,350                                      | 148                  |
| OTERO              |                                    |                 |                               |                      |                          |                      |   |                      |
| East Otero         | 11.21                              | 3.90            | 102,995                       | 44                   | 2,300,000                | 8.00                 | 257,890                                     | 89                   |
| Rocky Ford         | 15.30                              | 4.00            | 88,552                        | 61                   | -                        | 3.31                 | 95,200                                      | 51                   |
| Manzanola          | 9.47                               | 4.00            | 10,143                        | 38                   | 364,000                  | 9.00                 | 38,338                                      | 85                   |
| Fowler             | 19.13                              | 3.50            | 30,329                        | 67                   | 395,000                  | 7.50                 | 72,605                                      | 143                  |
| Cheraw             | 15.11                              | 4.00            | 10,526                        | 60                   | 315,000                  | 11.00                | 29,175                                      | 166                  |
| Swink              | 13.53                              | 4.00            | 17,208                        | 54                   | (?)                      | 10.53                | 47,807                                      | 142                  |
| OURAY              |                                    |                 |                               |                      |                          |                      |   |                      |
| Ouray              | 30.55                              | -               | -                             | -                    | 336,314                  | 9.28                 | 47,740                                      | 284                  |
| Ridgway            | 17.06                              | 4.00            | 12,222                        | 68                   | 235,000                  | 10.00                | 31,367                                      | 171                  |
| PARK               |                                    |                 |                               |                      |                          |                      |   |                      |
| Platte Canyon      | 19.24                              | 4.00            | 66,252                        | 77                   | 2,779,000                | 16.85                | 281,500                                     | 324                  |
| Park               | 98.20                              | 4.00            | 141,570                       | 393                  | 18,000                   | .62                  | 25,500                                      | 61                   |
| PHILLIPS           |                                    |                 |                               |                      |                          |                      |   |                      |
| Holyoke            | 32.18                              | 4.00            | 76,368                        | 129                  | 1,620,000                | 8.00                 | 231,000                                     | 257                  |
| Haxtun             | 31.52                              | 4.00            | 40,255                        | 126                  | 425,000                  | 9.65                 | 133,620                                     | 304                  |
| PITKIN             | 135.57                             | 2.00            | 256,601                       | 271                  | 2,120,000                | 2.79                 | 401,546                                     | 378                  |
| PROWERS            |                                    |                 |                               |                      |                          |                      |   |                      |
| Granada            | 16.47                              | 4.00            | 21,674                        | 66                   | 185,000                  | 9.00                 | 48,385                                      | 148                  |
| Lamar              | 16.16                              | 4.00            | 124,770                       | 64                   | 985,000                  | 6.14                 | 220,288                                     | 99                   |
| Holly              | 20.17                              | 4.00            | 30,695                        | 81                   | 335,000                  | 6.00                 | 77,460                                      | 121                  |
| Wiley              | 25.31                              | 4.00            | 23,196                        | 101                  | 41,000                   | 2.50                 | 29,717                                      | 63                   |
| PUEBLO             |                                    |                 |                               |                      |                          |                      |   |                      |
| City               | 17.71                              | 4.00            | 1,409,594                     | 71                   | 8,220,000                | 5.91                 | 2,408,135                                   | 105                  |
| Rural              | 19.46                              | 4.00            | 366,543                       | 78                   | 9,990,000                | 10.90                | 1,075,370                                   | 212                  |
| RIO BLANCO         |                                    |                 |                               |                      |                          |                      |   |                      |
| Meeker             | 34.84                              | 4.00            | 111,002                       | 139                  | 835,000                  | 2.90                 | 84,763                                      | 101                  |
| Rangely            | 365.57                             | 4.00            | 711,834                       | 1462                 | -                        | -                    | -   | -                    |
| RIO GRANDE         |                                    |                 |                               |                      |                          |                      |   |                      |
| Del Norte          | 16.38                              | 4.00            | 48,115                        | 66                   | 181,000                  | 5.00                 | 58,052                                      | 82                   |
| Monte Vista        | 13.21                              | 4.00            | 68,547                        | 53                   | 765,000                  | 6.00                 | 141,244                                     | 79                   |
| Sargent            | 30.33                              | 3.00            | 31,482                        | 91                   | -                        | -                    | -   | -                    |

| COUNTY<br>District   | Dollars/<br>Per Pupil/<br>Per Mill | CAPITAL RESERVE |                               |                      | BOND REDEMPTION          |                      |   |                      |
|----------------------|------------------------------------|-----------------|-------------------------------|----------------------|--------------------------|----------------------|---|----------------------|
|                      |                                    | Mills<br>Levied | Total<br>Dollars<br>Generated | Revenue<br>Per Pupil | Outstanding<br>Principal | Average<br>Mill Rate | Annual<br>Principal/<br>Interest<br>Payment | Revenue<br>Per Pupil |
| <b>ROUTT</b>         |                                    |                 |                               |                      |                          |                      |   |                      |
| Hayden               | 96.55                              | 4.00            | 206,346                       | 386                  | 1,740,000                | 3.38                 | 248,270                                     | 326                  |
| Steamboat Springs    | 48.38                              | 4.00            | 259,005                       | 194                  | 8,440,000                | 11.18                | 723,703                                     | 541                  |
| South Routt          | 46.37                              | 4.00            | 98,101                        | 185                  | -                        | -                    | -   | -                    |
| <b>SAGUACHE</b>      |                                    |                 |                               |                      |                          |                      |   |                      |
| Mountain Valley      | 17.51                              | 4.00            | 17,367                        | 70                   | 120,000                  | 8.00                 | 70,563                                      | 140                  |
| Moffat               | 84.75                              | 4.00            | 23,934                        | 339                  | -                        | -                    | -   | -                    |
| Center               | 17.78                              | 4.00            | 40,123                        | 71                   | 745,000                  | 6.50                 | 106,408                                     | 115                  |
| <b>SAN JUAN</b>      |                                    |                 |                               |                      |                          |                      |   |                      |
| <b>SAN MIGUEL</b>    |                                    |                 |                               |                      |                          |                      |   |                      |
| Telluride            | 57.43                              | 4.00            | 50,471                        | 230                  | 338,000                  | 3.30                 | 41,335                                      | 190                  |
| Norwood              | 17.34                              | 4.00            | 22,003                        | 69                   | 129,000                  | 2.50                 | 23,584                                      | 43                   |
| Egnar                | 61.44                              | 4.00            | 18,554                        | 246                  | 19,000                   | 2.50                 | 10,610                                      | 154                  |
| <b>SEDGWICK</b>      |                                    |                 |                               |                      |                          |                      |   |                      |
| Julesburg            | 24.05                              | 4.00            | 35,018                        | 96                   | 1,140,000                | 15.57                | 136,300                                     | 374                  |
| Platte Valley        | 29.23                              | 4.00            | 30,705                        | 117                  | 655,000                  | 9.20                 | 78,383                                      | 268                  |
| <b>SUMMIT</b>        |                                    |                 |                               |                      |                          |                      |   |                      |
| <b>TELLER</b>        |                                    |                 |                               |                      |                          |                      |   |                      |
| Cripple Creek-Victor | 52.08                              | 4.00            | 54,056                        | 208                  | 1,490,000                | 11.40                | 160,063                                     | 594                  |
| Woodland Park        | 18.25                              | 4.00            | 113,163                       | 73                   | 1,797,000                | 8.00                 | 328,100                                     | 146                  |
| <b>WASHINGTON</b>    |                                    |                 |                               |                      |                          |                      |   |                      |
| Akron                | 33.48                              | 2.24            | 36,880                        | 75                   | 97,000                   | 1.50                 | 58,820                                      | 50                   |
| Arickaree            | 94.38                              | 3.00            | 38,788                        | 283                  | -                        | -                    | 5,170                                       | -                    |
| Otis                 | 35.50                              | -               | -                             | -                    | 18,000                   | 1.30                 | 18,400                                      | 46                   |
| Lone Star            | 42.54                              | 2.00            | 5,759                         | 85                   | -                        | -                    | -   | -                    |
| Woodlin              | 106.39                             | 4.00            | 55,960                        | 426                  | -                        | -                    | -   | -                    |
| <b>WELD</b>          |                                    |                 |                               |                      |                          |                      |   |                      |
| Gilcrest             | 39.38                              | 4.00            | 266,327                       | 157                  | 1,765,000                | 3.80                 | 313,585                                     | 150                  |
| Eaton                | 19.22                              | 4.00            | 88,150                        | 77                   | 2,855,000                | 9.40                 | 224,900                                     | 181                  |
| Keenesburg           | 35.48                              | 4.00            | 174,414                       | 141                  | 184,000                  | 2.15                 | 96,462                                      | 76                   |
| Windsor              | 71.57                              | 4.00            | 370,511                       | 286                  | 3,360,000                | 4.30                 | 450,300                                     | 307                  |
| Johnstown            | 14.58                              | 4.00            | 62,777                        | 58                   | 2,075,000                | 13.69                | 214,845                                     | 199                  |
| Greeley              | 22.09                              | 4.00            | 843,883                       | 88                   | 6,720,000                | -                    | 829,336                                     | -                    |
| Platte Valley        | 19.79                              | 4.00            | 64,143                        | 79                   | 597,000                  | 4.00                 | 101,853                                     | 79                   |
| Fort Lupton          | 53.66                              | 4.00            | 365,070                       | 215                  | 4,300,000                | 7.97                 | 737,760                                     | 428                  |
| Ault-Highland        | 26.38                              | 4.00            | 79,142                        | 106                  | 1,105,000                | 5.10                 | 116,000                                     | 135                  |
| Briggsdale           | 28.31                              | 4.00            | 10,509                        | 113                  | 285,000                  | 9.50                 | 32,662                                      | 268                  |
| (continued)          |                                    |                 |                               |                      |                          |                      |   |                      |

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| COUNTY<br>District | Dollars/<br>Per Pupil/<br>Per Mill | CAPITAL RESERVE |                               |                      | BOND REDEMPTION          |                      |   |                      |
|--------------------|------------------------------------|-----------------|-------------------------------|----------------------|--------------------------|----------------------|---|----------------------|
|                    |                                    | Mills<br>Levied | Total<br>Dollars<br>Generated | Revenue<br>Per Pupil | Outstanding<br>Principal | Average<br>Mill Rate | Annual<br>Principal/<br>Interest<br>Payment | Revenue<br>Per Pupil |
| WELD (continued)   |                                    |                 |                               |                      |                          |                      |   |                      |
| Prairie            | 50.27                              | 3.00            | 16,334                        | 151                  | 130,000                  | -                    | 28,461                                      | -                    |
| Grover             | 30.29                              | 4.00            | 15,837                        | 121                  | -                        | -                    | -   | -                    |
| YUMA               |                                    |                 |                               |                      |                          |                      |   |                      |
| West Yuma          | 28.10                              | 4.00            | 122,134                       | 112                  | 1,455,000                | 8.75                 | 251,426                                     | 246                  |
| East Yuma          | 43.48                              | 4.00            | 144,810                       | 174                  | 26,000                   | .60                  | 25,850                                      | 26                   |
| STATE TOTALS       |                                    |                 | 48,471,006                    |                      | 596,341,924              |                      | 82,309,978                                  |                      |