

Support SB22-202: State Match for Mill Levy Override Revenue

Sen. Zenzinger & Rankin | Rep. McCluskie

Attachment F

Colorado students and taxpayers deserve fair and sufficient funding of K-12 education. A targeted state investment in our students in low-wealth school districts will help us get there.

The Problem: Mill levy override inequity is a growing source of funding disparity between districts

- A student's zip code shouldn't determine their educational opportunity. But across our state, the funding available for our public schools depends largely on local property wealth, meaning the opportunities available to kids differ based on where they live.
- In a district with low property wealth, one override mill may raise **\$15 or \$25 per student** (Moffat County or Fountain), while in a high property wealth district, the same one override mill may raise more than **\$1,900 or \$5,000 per student** (Aspen or Pawnee). Due to the differences in property values across communities, poor districts are generating low amounts of funding, while wealthy districts can generate substantial amounts by raising their property taxes a small amount.
 - On average, Colorado's **lowest property wealth districts only generate 57% of the revenue** of high-wealth districts to support students. Kids in those communities suffer the difference.
- The amount of override funding approved locally by voters has **more than doubled in a decade**, from **\$580 million in 2010 to \$1.4 billion in 2021**. That funding does not benefit all students.
 - **Sixty-four of 178 school districts have ZERO local mill levy override dollars**, while 21 districts have more than \$2,000 per student and nine districts have more than \$3,000 per student.

The Solution: Senate Bill 22-202 will address funding inequities

- A state-level Mill Levy Override Match Fund will recognize local investments that have been made in low property wealth, low-income communities and meet that effort with a state match. This will level the playing field for schools in these communities, who otherwise will constantly struggle for adequate funding to meet student needs.

What does SB22-202 do?

- Establishes the Mill Levy Override Match Fund in the State Treasury.
- Defines a district eligible for matching funds as a district for which the override mill capacity is less than the maximum number of override mills (to reach either 25 or 30 percent of total program funding) for the district.
 - "Override mill capacity" means the number of override mills that a district may be expected to levy toward the district's maximum number of override mills. This calculation takes into account (1) assessed value and (2) average median income as determined by the U.S. Census Bureau's American Community Survey.
 - The formula for match eligibility also accounts for multi-district online (MDOL) enrollment, adjusting total program funding to limit the portion of MDOL to no more than 10 percent of total district enrollment. This honors the intent of MLO as a source of funds for local resident students.
- Specifies the formula for calculating the amount of the distributions.
 - In any year in which the General Assembly's appropriation does not fully fund the Match Fund, the bill reduces the amount of each eligible school or district's match distribution by the same deficit percentage.
- Allows Charter School Institute schools within eligible school districts to receive match funds, as long as those funds are on par with the per pupil match amount of the CSI school's geographic district. Requires distribution of Match funds to charter schools in the same manner as other MLO revenue.

How was the MLO Match Fund designed?

- House Bill 21-1325 charged the Legislative Interim Committee on School Finance with designing and recommending “a program beginning in the 2022-23 budget year to support students by assisting low-property wealth school districts... by providing state matching money.”
- The Colorado Association of School Executives (CASE) created a work group to inform the legislative committee’s work on this topic. That work group met five times in the fall of 2021 and designed a sliding scale model that incorporates district property value and median income to determine match eligibility. This model is the foundation of SB22-202.

How will the MLO Match Fund impact property taxes and/or the school funding formula?

- The creation of the Match Fund has no impact on local property taxes.
- This solution is outside of the School Finance Act funding formula. With the requirement of a local contribution on the front end, it is a targeted attempt to send state dollars to students in the school districts that most struggle to raise local funding.

How will the MLO Match Fund impact school districts, schools and students?

- For Colorado’s lowest property wealth, lowest-income communities, the MLO Match Fund provides a legitimate opportunity to provide additional funding and educational opportunity for students.
- There is no negative impact on any districts’ current MLO dollars, and the Fund does not cut total program funding or increase the budget stabilization factor for any district.