



COLORADO
Department of Education

Colorado State Board of Education

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
COLORADO DEPARTMENT OF EDUCATION COMMISSION
DENVER, COLORADO
January 8, 2014, Part 1

BE IT REMEMBERED THAT on January 8, 2014,
the above-entitled meeting was conducted at the Colorado
Department of Education, before the following Board
Members:

Paul Lundeen (R), Chairman
Marcia Neal (R), Vice Chairman
Elaine Gantz Berman (D)
Jane Goff (D)
Pam Mazanec (R)
Debora Scheffel (R)
Angelika Schroeder (D)



1 CHAIRMAN LUNDEEN: The Board will come back
2 to order. Staff, please call the roll.

3 MS. MARKEL: Elaine Gantz Berman.

4 MS. BERMAN: Here.

5 MS. MARKEL: Jane Goff.

6 MS. GOFF: Here.

7 MS. MARKEL: Paul Lundeen.

8 CHAIRMAN LUNDEEN: Good morning.

9 MS. MARKEL: Pam Mazanec.

10 MS. MAZANEC: Here.

11 MS. MARKEL: Marcia Neal.

12 MS. NEAL: Here.

13 MS. MARKEL: Dr. Debora Scheffel.

14 MS. SCHEFFEL: Here.

15 MS. MARKEL: Dr. Angelika Schroeder.

16 MS. SCHROEDER: Here.

17 CHAIRMAN LUNDEEN: If everyone would please
18 stand for the Pledge of Allegiance. We have a student
19 from Regis University, College here with us today.
20 Samantha, would you lead us in the pledge?

21 ALL: I pledge allegiance to the flag of the
22 United States of America and to the Republic for which it
23 stands. One Nation under God, indivisible, with liberty
24 and justice for all.

25 CHAIRMAN LUNDEEN: Thank you very much.



1 Do I have a motion to approve the agenda?

2 MS. NEAL: I move we approve the agenda.

3 CHAIRMAN LUNDEEN: Second? And a second.

4 Any objections?

5 Seeing none, the agenda is approved as

6 advanced.

7 MS. NEAL: I move to approve the agenda of

8 the --

9 CHAIRMAN LUNDEEN: Consent?

10 MS. NEAL: -- move to place the following

11 matters on the consent agenda.

12 8.02, School Year 2013-2014 English Language
13 Proficiency Act Distribution of Funds;

14 12.01, regarding disciplinary proceedings
15 concerning an application, Charge No. 2011EC450, to
16 instruct the Department staff to issue a notice of denial
17 and appeal rights to the applicant, pursuant to 24-4-104
18 C.R.S.;

19 12.02, regarding disciplinary proceedings
20 concerning a license and application, Charge No.
21 2012EC2964, direct the Commissioner to sign a settlement
22 agreement;

23 12.03, approve High Point Academy
24 Teacher/Special Service Provider Induction Program, as
25 submitted;



1 12.04, approve two Initial Emergency
2 Authorizations, as submitted;

3 13.01, approve Falcon School District 49's
4 request to waive C.R.S. 22-30.05-107(1), which requires
5 the district to accept charter school applications
6 between August 1st and October 1st each year, as
7 submitted;

8 13.02, approve the renewal of waivers from
9 specific statutes as set forth in the published agenda in
10 addition to the waivers automatically granted, requested
11 by Denver County School District #1 on behalf of Denver
12 School of Science and Technology Stapleton High School;

13 13.03, approve the renewal of waivers from
14 specific statutes as set forth in the published agenda in
15 addition to the waivers automatically granted, requested
16 by Denver School District #1 on behalf of Denver School
17 of Science and Technology Stapleton Middle School;

18 13.04, approve the renewal of waivers from
19 specific statutes as set forth in the published agenda in
20 addition to the waivers automatically granted, requested
21 by Denver School District #1 on behalf of Denver School
22 of Science and Technology Green Valley Ranch Middle
23 School;

24 14.01, to certify payments to school
25 districts for the Public School Finance Act of 1994 (as



1 amended) state share of total program for December 2013
2 in the monthly amount of \$291,219,284.77;

3 15.01, approve Norman Alerta as the
4 replacement with assessment expertise for the vacancy
5 left by a resignation from the Educational Data Advisory
6 Committee.

7 This is the end of the consent agenda.

8 CHAIRMAN LUNDEEN: That is a proper motion.
9 Do I have a second?

10 MS. SCHEFFEL: Second.

11 CHAIRMAN LUNDEEN: Seconded by Dr. Scheffel.
12 Without objection, the motion passes.

13 MS. SCHROEDER: Can I ask a question?

14 CHAIRMAN LUNDEEN: Sure. Please ask a
15 question.

16 MS. SCHROEDER: It was -- or maybe it's not
17 on here -- it's the one about payments to school
18 districts for second-language learning. Was that on this
19 one?

20 MS. NEAL: No.

21 MS. SCHROEDER: Was that action agenda
22 instead?

23 MS. MARKEL: Dr. Schroeder, you're correct.

24 (Indiscernible.)

25 MS. NEAL: Move to amend.



1 MS. MARKEL: (Indiscernible.)

2 MS. MARKEL: Actaully, 8.02 was the
3 allocation for --

4 MS. NEAL: Oh.

5 MS. SCHEFFEL: And I just had a question
6 about, was that -- I just had a question about, is that
7 all state money or is that federal money?

8 UNIDENTIFIED VOICE: State.

9 CHAIRMAN LUNDEEN: Dr. Owen? Jane.

10 MS. GOFF: By \$15 million.

11 MR. OWEN: Mr. Chair, that's the state
12 allocation for ELPA, for the English Language Proficiency
13 Act.

14 MS. SCHROEDER: And then there's also
15 federal money. Does that have a different name?

16 MR. OWEN: Mr. Chair. Title III does have
17 some federal support but it's separate, and it is a small
18 part, as well, that goes to districts through the
19 consolidated application.

20 MS. SCHROEDER: So what I'm curious about,
21 at some point, because I think it will be stuck at the
22 legislature as well, what is the total amount that we're
23 now allocating to school districts now for second-
24 language learners, specifically?

25 MR. OWEN: Mr. Chair, I'm happy to do that.



1 We worked up some scenarios for the Joint Budget
2 Committee as well and included those in their packet of
3 the current formula and how that's applied to school
4 districts, which you are approving today, and how we had
5 some different recommendations on how to do it in the
6 future, based on some questions that they had.

7 So I'm happy to go through that with you,
8 specifically, or the Board, Commissioner, based on what
9 your thoughts are. But we certainly are looking at ELPA.
10 We do think it's going to be something that the
11 legislature discusses this year as well.

12 MS. SCHROEDER: And I'll have questions
13 about it. Thank you.

14 CHAIRMAN LUNDEEN: Okay. So to be clear, we
15 have a motion and a second on the consent agenda. It
16 does include this item that we have expanded upon. So if
17 there is no objection to the motion then it will pass.

18 Thank you.

19 The next item on the agenda, report from the
20 Board Liaison. Ms. Markel.

21 MS. MARKEL: Good morning, Mr. Chair,
22 Members of the Board (indiscernible). What we have in
23 your packet for you to day -- and first, I just wanted to
24 give you a reminder that (indiscernible) is scheduled for
25 Wednesday, February 12th (indiscernible).



1 In your packet you have the updated
2 (indiscernible) reports (indiscernible). You also have
3 the events calendar, and one thing that we did, a little
4 bit different, I think, for 2013, we thought it might be
5 helpful to you having a chart of Board's 2013 actions and
6 accomplishments. Most of these are driven by statute.
7 But you have those, and if you have questions about what
8 each action is, just let me know. But it's something
9 that we do internally, and it's good for you to have
10 (indiscernible) the past year.

11 The section (indiscernible) was a discussion
12 around the State Board support for districts
13 (indiscernible). In Section 8.01, you have a copy of the
14 draft rules (indiscernible) and walking the Board through
15 the proposed amendment. So this is simply a notice of
16 rulemaking (indiscernible).

17 In Section 8.02, you have a copy of the
18 English Language Proficiency Act allocations for school
19 year 2013-2014.

20 In Section 9.01, you have a copy of a
21 proposed resolution concerning the December 13th, 2013,
22 shooting at Arapahoe High School and in honor of Claire
23 Davis.

24 In Section 9.02, you have draft proposal
25 language for a possible amendment to Section 8 of the



1 Board's legislative priorities. You also have a copy of
2 the 2014 legislative priorities that were approved by the
3 Board (indiscernible).

4 In Section 11.01, you have a copy of a
5 PowerPoint prepared by Colorado Futures and it's entitled
6 "A Fresh Look at the Funding of State Government." You
7 also have a summary of Colorado Futures Center's 2013
8 study regarding long-term fiscal health of Colorado,
9 along with (indiscernible).

10 In Section 14 you have a copy of the Public
11 School Finance Act of 1994, as amended, State Share
12 Payments program. (Indiscernible.)

13 In Section 15 you have a copy of the
14 membership of the Educational Data Advisory Committee,
15 along with a copy of Norman Alerta's CV.

16 And finally, in 16.01, you have a copy of
17 the Board's draft revised operating procedures. The
18 draft that you have is based on the (indiscernible). You
19 also have copies of the written comments that have been
20 received to date as well as a (indiscernible) the
21 government document (indiscernible).

22 And that's the end of my report, unless you
23 have any questions.

24 CHAIRMAN LUNDEEN: Questions? Thank you
25 very much.



1 Yes, I'm sorry. Elaine, go ahead.

2 MS. BERMAN: Is this a good time to finalize
3 how we're going to do the February budget?

4 CHAIRMAN LUNDEEN: Sure.

5 MS. BERMAN: We've been talking about it and
6 I know you sent something around.

7 MS. MARKEL: (Indiscernible.)

8 MS. BERMAN: I don't wish to discuss it. I
9 just (indiscernible) proposal, and I think we should be
10 as transparent as we can about the budget.

11 MS. NEAL: You don't want to discuss it.
12 What do you want to do?

13 MS. BERMAN: Well, I think we've kind of
14 gone back and forth on how, basically, to do it, so I'd
15 like to put forward a suggestion. I mean, I'm not sure
16 why we would go in to executive session on it.

17 CHAIRMAN LUNDEEN: Well, I think in terms of
18 -- if I'm understanding what you're saying in terms of
19 taking action, any action that we would take would be in
20 public session, and if it's not an engaged, involved
21 discussion about work product documents and so forth,
22 then I think it would be appropriate to have it now.

23 So my sense is that you have a simple,
24 direct proposal.

25 MS. BERMAN: Well, I think Carey did what



1 was requested of her which is to come up with a new
2 formula. I think I responded that I thought it was
3 pretty complicated, and I would propose going back to the
4 simple way we did it originally, where we did it based on
5 geography. And my motivation is solely that I want to
6 make sure it's fair and equitable for whoever follows me
7 in my seat, and I think if we do it based on an
8 individual Board member's experiences, then I don't think
9 that's fair and equitable for the next person. So I
10 think it needs to be a formula that will live out an
11 individual Board member's time on the board.

12 So my proposal is to go back to the way we
13 had been doing it originally, which was based on how big
14 your district is, how many miles you have to cover, so
15 that I would have the smallest budget, and I believe
16 Marcia, in Grand Junction, would have the largest budget.
17 And then if we need to make corrections we can do that
18 too. That's my proposal.

19 MS. MARKEL: And that's what we've done,
20 Member Berman. That's what (indiscernible).

21 CHAIRMAN LUNDEEN: So essentially the
22 proposal is to return to status quo, return to what we
23 were doing.

24 MS. BERMAN: Exactly. I don't think this
25 was my beginning budget but we can talk about that part



1 privately. I thought I was at a different number, but
2 that's okay.

3 But yes, to go to back to the way we were
4 doing it originally, before --

5 MS. MARKEL: (Indiscernible.)

6 MS. BERMAN: Exactly. So that's my
7 proposal.

8 CHAIRMAN LUNDEEN: Okay. So now, a
9 procedural question. I don't think it actually requires
10 a Board action, a vote. I think there's consensus around
11 that already. So I think, you know, surfacing the issue,
12 making it clear that that's, in fact, where we're moving
13 to, is what I would call --

14 MS. BERMAN: As long as there's consensus,
15 but there may be some Board members who don't agree.

16 CHAIRMAN LUNDEEN: Okay. Fair enough. So
17 the proposal -- and let's just go ahead and discuss it,
18 resolve this, or tie this off right here -- is,
19 essentially, return to status quo (indiscernible), go
20 back to what we were doing previously, with any necessary
21 adjustments during the course of the year. And I think
22 there's general acceptance of that.

23 Dr. Scheffel, please.

24 MS. SCHEFFEL: I just had a question. Was
25 the way we were doing it before, just before us, also



1 based on like a track record of what conferences people
2 went to or didn't go to? Because I have a similar
3 concern that my work schedule has been such that I
4 haven't been able to go to NASBE as much as I'd like.
5 But that may change for me and it may change for the
6 person who follows me, though that's not imminent. Does
7 the budget take into account track record or is it more a
8 fixed amount that we can then juggle, based on what
9 (indiscernible).

10 MS. MARKEL: A fixed amount.

11 MS. SCHEFFEL: Okay. So that's good. So
12 that seemed to work.

13 CHAIRMAN LUNDEEN: So without formal action
14 I think there's general consensus. If anyone doesn't --
15 in fact, is uncomfortable with returning to the previous,
16 please speak up. But I think that will be our process,
17 and we'll move forward with that.

18 MS. MARKEL: (Indistinguishable.)

19 MS. GOFF: I have a comment.

20 CHAIRMAN LUNDEEN: Please, go ahead, Jane.

21 MS. GOFF: No, I am fine. I am good with
22 going with -- I hate to say it, but the status quo, with
23 where we are on this right now, especially for the
24 remainder of this year. I do think that this is
25 something that, when we do have what will probably be a



1 majority, a major Board turnover a year from now, that
2 that would be an ideal time for us to, as a Board, the
3 Board, to bring this forward again for some conversation.

4 CHAIRMAN LUNDEEN: Fair enough. So, then,
5 to be clear -- and I hope I won't muddle this in the
6 explanation -- it's a formula based on size of district,
7 based on some of the fixed realities of the various
8 districts, as opposed to individual Board member type
9 behaviors, and, therefore, it is tied to the district,
10 and, therefore, to my thinking, appropriate, as opposed
11 to responsive to the activities or behaviors of a certain
12 individual who may be sitting in that particular seat, at
13 a particular time.

14 So that's what we're returned to? Please,
15 Vice Chair.

16 MS. NEAL: No, thank you. No, I certainly
17 agree and appreciate that. Plus I would add that I have
18 found it such a flexible formula. I know that two years
19 ago -- I don't remember if it was me or, you know,
20 somebody was getting down there -- and someone else had
21 not used it at all. And so we've always been able to
22 shift money around without adding to the budget that they
23 just changed, moved some over to my --

24 So I see -- and, of course, I'm not a person
25 really into technicalities so I see no problem with it as



1 it is, and it's worked well for me.

2 CHAIRMAN LUNDEEN: Very well. We'll move
3 on.

4 The next item on the agenda is the
5 Commissioner's Report. Mr. Commissioner.

6 UNIDENTIFIED VOICE: Thank you, Mr. Chair,
7 and if you'd indulge me before we start with our
8 legislative report -- and Jennifer Mello, if you'd go
9 ahead and come up -- I wanted to ask you one thing. I've
10 talked to the Chair and a couple of you. This is one of
11 your favorite subjects, but I'm putting forth a request
12 to change the May Board meeting. Right now the May Board
13 meeting is set for May the 7th, which actually is the
14 first Wednesday of the month.

15 The Global Education Leaders Program -- and
16 this will be their last meeting -- they're changing the
17 format of the program, and this will be the last global
18 event, will be this year in the United States, in San
19 Francisco. The team that typically goes to that will be
20 -- it will be the first week of May, so that is the
21 direct conflict, and whether the Chair will be attending
22 that or not.

23 The request is to move to the meeting to the
24 second Wednesday and Thursday of the month, which is our
25 normal schedule anyway. But again, you planed on this.



1 I'd like to request that you move this, if you can, and
2 so I bring that forward to the Board, Mr. Chair.

3 CHAIRMAN LUNDEEN: So to be clear, it's to
4 move the meeting from May 7th, but potentially May 7 and
5 8, to May 14, potentially May 14 and 15.

6 UNIDENTIFIED VOICE: Yes.

7 MS. NEAL: Just a brief comment, and that's
8 funny because this came up at the BEST (ph) meeting, or
9 the CLAS (ph) meeting -- I forget sometimes whether it's
10 BEST or CLAS. It's a political comment. At the CLAS
11 meeting we were setting dates and they said May 7th, and
12 I went, "Wait a minute. That's the first -- you know,
13 that's the first Wednesday. It's not the second
14 Wednesday." So I see no problem with moving it.

15 MS. MARKEL: I already had it for both
16 Wednesdays.

17 MS. NEAL: Well, you can come twice.

18 (Overlapping)

19 CHAIRMAN LUNDEEN: Mr. Commissioner, I think
20 you have your answer.

21 MR. HAMMOND: If there's any problem later,
22 let me know, but thank you.

23 CHAIRMAN LUNDEEN: Thank you.

24 MR. HAMMOND: Ms. Mello will do our
25 legislative update report, so please.



1 MS. MELLO: Mr. Commissioner, Mr. Chair --

2 CHAIRMAN LUNDEEN: Good morning, and welcome
3 to the session.

4 MS. MELLO: Yes. Yes, indeed, in about 33
5 minutes, according to my phone.

6 Again, at this point in the process there's
7 a lot of vagueness, right, but what's great about today,
8 from my perspective, is that bills will start to be
9 introduced and then things that were ideas or concepts
10 become real, and I think it's much easier to deal with
11 them when they're real thing on paper.

12 So I thought I would go over a couple of the
13 things that I expect to see. Some I have detail about;
14 some I don't. I'm happy to give you whatever information
15 I have, but just know that there's some that I don't have
16 any information on.

17 I do think we will see a bill that will come
18 fairly quickly around -- on the BEST program, having to
19 do with emergency grants and some of the disaster relief
20 issues up in the flood. I have a meeting this afternoon
21 to talk more about that bill and what it looks like, so I
22 don't know more than that. But that was a topic of
23 discussion yesterday at the Flood Recovery Legislative
24 Committee.

25 There's also some conversations going on



1 around BEST, about increasing the cap by use of marijuana
2 money. I don't know --

3 MS. NEAL: Yes. Pot money.

4 MS. MELLO: -- what's happening in your
5 neighborhood, but in my neighborhood there have been some
6 long lines around some certain establishments in the last
7 week. And so -- I mean, I think there are questions
8 about can you issue bonds based on marijuana revenue. I
9 mean, what's the bonding community going to -- how are
10 they going to view that? So it's not as if this is a
11 super simple topic, but know that there are some
12 legislators who are interested in looking at increasing
13 the cap on the BEST program without us being the revenue
14 source to back it up.

15 There is talk about a bill on online
16 education. That's all I know about it, so I'm going to
17 try to find out more about that for you.

18 There is some discussion about updating the
19 gifted and talented legislative statutes. Again, there's
20 some meetings happening on that this week. We'll get
21 more information.

22 You know about Representative Wilson's AP
23 bill. He presented that to you last Board meeting, I
24 believe. So I think that will be one that will come out
25 of the gate fairly quickly.



1 There will be a bill coming, again, pretty
2 early in the process to change the term GED throughout
3 statutes to the more generic "high school equivalency"
4 exam. As that marketplace has changed and now we -- and
5 what was always considered to be the GED test has become
6 a proprietary test owned by one company, that may or may
7 not continue to have the contract with the state. I
8 mean, that's a competitive process that the state engages
9 in and makes its decisions on. There was just a desire
10 to make sure that the statutes were generic, and not
11 favoring one vendor over the other. So in no way does
12 the legislation tie the department's hands about how to
13 pick a vendor or picking the best vendor. It just makes
14 sure that our statutes don't kind of inadvertently give
15 one vendor an advantage.

16 I knew you talked a little bit already about
17 English language learners, and there's quite a bit of
18 discussion on this topic. As you know, the Department
19 has a budget request pending before the Joint Budget
20 Committee. For those of you -- I think most of you --
21 who were at the Joint Budget Committee hearing, there was
22 a fair amount of discussion around this topic. Craig
23 Harper, who is our JBC analyst, had recommended to the
24 Committee not only that he thought our budget request
25 made sense but that they should go ahead and move



1 legislation to update the ELL statues. That's a fairly
2 bold recommendation from a staffer, just so you know. I
3 mean, they don't -- I mean, they sometimes go that far
4 and say, "You all should do a bill." But it's not that
5 typical. So I think that's of note.

6 I think there is some receptiveness at the
7 Capitol to update the statutes. Some of the issues come
8 down to funding and how much more money, if any, will be
9 put into it, and that's where the districts get -- that's
10 where they have a lot of questions. If you're going to
11 make me do more, if you're going to make me report more,
12 are you going to give me more money, is kind of -- I
13 mean, I'm oversimplifying a little bit, and I don't mean
14 any disrespect in how I phrase that, but I think that's
15 kind of the questions that they're asking about that.

16 One thing I don't think we've talked about
17 is there will be some legislation to increase the funding
18 for the Counselor Corps Program. Having talked with your
19 staff a little bit about that, what I've learned is
20 that's a fairly successful program. It does -- the
21 counselors that are part of that program have done --
22 have really shown some measurable impacts on students'
23 academic success and postsecondary access and all of
24 that. So it's not a bill coming from us but there are
25 some folks up there who would like to see more resources



1 into that program, and they have, I think, very
2 appropriately, very nicely asked for us to take a look at
3 it and make sure they're not creating any requirements or
4 doing anything that messes up the way we're already
5 administering it. So that's been a nice partnership.

6 You know, you guys are probably hearing
7 about a whole bunch of little things. I mean, I could
8 talk to you for the next three hours about all the rumors
9 I've heard. I don't think you want me to do that. So
10 let me just skip to what I think will be kind of the real
11 big-picture question for the next month.

12 I think the thing that's going to dominate
13 the conversation about K-12, at least through January, is
14 this question of funding.

15 MS. NEAL: Of what?

16 MS. MELLO: Funding. You know, you all are
17 elected officials. I know you all spend a lot of time in
18 your districts, and I'm sure you're hearing from your
19 school districts, or many of you are, that there's a real
20 sense that they need more money to do the work that
21 they've been asked to do. There are people at the
22 legislature who agree with that. There are people who
23 don't. I think one of the kinds of key parts of that
24 conversation is where does the money come from. Is it a
25 sustainable source of funding, right? So if you take it



1 out of the state ed fund, that's fine and good. Can you
2 keep it going for -- in perpetuity, if that's your
3 revenue source?

4 I think the other kind of tension around
5 this topic is many people characterized Senator
6 Johnston's funding bill last year that turned into
7 Amendment 66 as kind of a deal between reform and money,
8 right. So we were going to put more money into schools -
9 - and I'm just -- I'm trying to describe this in as
10 neutral of terms as I can because that's part of my job.
11 But there was certainly a perception that, okay, we're
12 going to give schools more money, but we also are doing
13 some reforms and we're kind of upping the standards, if
14 you will.

15 So this conversation about giving schools
16 more money, I think there's people who are saying, "Wait
17 a minute. What about the reform component of that?" I
18 think the districts would argue we've done a lot of
19 reform. We're implementing all these reforms, and we've
20 had a lot of changes, and we're working on them, and we
21 don't need any more. But that's not a universally held
22 viewpoint, and so I think that will be in the mix of this
23 conversation.

24 And to me, this feels like this kind of big
25 -- it's not an elephant in the room because everyone



1 knows it's in the room and is talking about it. We're
2 not ignoring it. But it's like this big boulder, you
3 know, that we've got to figure out what we're going to
4 do. And not that that -- I don't have any illusions that
5 that -- or delusions that that will be some universal,
6 everybody will agree with whatever approach is finally
7 settled on, but right now we don't even have the
8 specifics of an approach, and I think until that question
9 gets settled a lot of this other stuff will be kind of
10 pushed off to the side, as like, let's -- we'll get to
11 that later. We've got to deal with this big issue.

12 And that is, in part, because it's a big
13 deal, right, in part because it's about money and money
14 is always a big deal, but in part because of how it
15 impacts the mood. And I know that may seem like a real,
16 almost silly thing, but it actually matters a lot in
17 terms of people's ability to work together at the
18 Capitol, and interest groups' ability to work together.

19 And I think right now the mood is pretty
20 strained. It's pretty antagonistic. It's pretty yucky,
21 harsh. There's just kind of a not-good quality in the
22 mood right now. And so that's why I think this
23 conversation has got to be resolved in some way before
24 things will really start progressing. Again, that's just
25 my personal opinion. You can take it or leave it, for



1 what you see fit.

2 So I'll stop at that, and if you have any
3 questions about any specific things you're hearing about,
4 or anything I've said, I'm happy to address them.

5 MS. NEAL: Thank you. Great. Great.

6 Regarding the funding, and it's just a very -- a personal
7 observation, what I hear from people and what I, myself,
8 think, and I realize how difficult it is, because we've
9 put this big bill out there and we say we're going to do
10 all these things if you give us this money, and
11 historically we have not had a real good track record of
12 doing what we said we'd do in increasing student
13 performance.

14 If there were a way -- and I'm not, you know
15 -- and I have said this for a long time -- if there were
16 a way to say we need this much money and we're going to
17 do this with it, and in five years, or something like
18 that, we will show you, you know, that we have this
19 whatever the goal it is -- I know that's -- you know,
20 people will go, "Well, no, you can't do that," and they
21 may well be right. But I think until you are able to
22 tell voters what exactly -- you know, the little ads that
23 they did were so nice, about kindergarten and all, but it
24 was so vague. There was nothing there to say, if we get
25 this money we'll do this. And again, historically, an



1 awful lot of getting a tax increase like that generally
2 goes to salaries, and I don't fault that at all, again.

3 But I just think that the public needs to
4 have a real clear expectation of what you're going to do
5 with that money, and so far we have not been able to do
6 that. I'm not sure we ever can. I'll just throw that
7 out.

8 MS. MELLO: I'll take that as a comment and
9 not a question.

10 CHAIRMAN LUNDEEN: Any comments, questions?

11 I guess I would make a couple of quick
12 comments. I appreciate the feedback, the insight, and
13 your assessment of, you know, what, in fact, may be a
14 driving issue or a key issue around education. There
15 are, you know, obviously, I will present a couple of
16 thoughts that are counterbalancing thoughts, and they're
17 anchor points, I think, to this conversation as it
18 unfolds, and it's relevant to us and we'll have an
19 opportunity to dive into this a little bit more. We've
20 got the Colorado Futures Center coming in to give us a
21 look at out-year finance, what out-year finance is going
22 to look like here in the state of Colorado. And the
23 headlines on that report are it's not going to get any
24 easier. And that doesn't even raise the question of
25 pension sustainability, and so on and so forth.



1 But the anchor point that I was referring
2 to, in this education conversation, is around the
3 question of reform, and the question that floats up is,
4 if the reform requires money, is it in fact reform or is
5 it just an additional expansion? And that's kind of the
6 counterbalancing question that lies into this whole
7 conversation.

8 So, as I prefaced my remarks, it's more of a
9 comment than a question. It's certainly -- I appreciate
10 the awareness of how fundamental this is going to be to
11 the conversations around education, so thanks for that
12 feedback. And, you know, as we get more information
13 about what the future may look like, with this Colorado
14 Futures report that's coming in to this Board later
15 today, I think it will probably just elevate the
16 importance of that whole question.

17 So with that --

18 MS. NEAL: Oh, I forgot. I do have another
19 direct question.

20 When we were at the JBC hearing, Pat
21 Steadman asked me if I was going to be at the hearing
22 tomorrow -- or Thursday afternoon, that JBC BEST hearing.
23 And then later I was told that the reason they were
24 having that was because they ran out of time, but
25 obviously they'd planned it ahead. And I just wondered



1 if you had heard, and if you haven't that's fine, but if
2 you'd heard anything about exactly what they're looking
3 for on Thursday.

4 MS. MELLO: Sure. It really is just -- so,
5 you know, there's this standard process the Joint Budget
6 Committee goes through, and it's kicked off by their
7 analysts presenting a big old report about everything
8 they've been thinking about over the summer, and what
9 they think about our budget request, and they ran out of
10 time. The BEST --

11 MS. NEAL: And they knew they were going to
12 run out of time.

13 MS. MELLO: No, they didn't. They
14 anticipated getting through the entire report. They
15 didn't. They had to cut it -- they let -- they went
16 until about 5:30, and then they just, you know, people
17 had other places they had to be and all.

18 So, you know, I've heard -- I think there's
19 some nervousness out there. I don't think there's any
20 reason to be nervous. I mean, it's just a continuation
21 of the presentation.

22 MS. NEAL: Okay.

23 MS. MELLO: Now the -- what, normally, we
24 don't get to see what the analyst is going to present
25 until that presentation. In this case, we know what he's



1 going to say, because it was in the written report, and
2 it is a rather scathing --

3 MS. NEAL: That's why I asked you.

4 MS. MELLO: -- assessment, I would say, of
5 the BEST program. So, you know, and there's no
6 opportunity. It's just Craig talking to JBC.

7 MS. NEAL: Yeah, I know it.

8 MS. MELLO: It's not something that we --

9 MS. NEAL: -- that you --

10 MS. MELLO: -- get to engage in. So, I
11 mean, yeah, I'll be there and we'll listen to it.

12 MS. NEAL: And I plan to be there too
13 because I'll still be here, but I just was curious.
14 Thank you. That -- you know, that's sort of what I
15 wondered. Is this a planned thing, or it is just really
16 running over?

17 MS. MELLO: Well, and they -- so they didn't
18 -- they didn't get through it and then they went -- you
19 know, they would go and they looked at their calendars
20 and they go, "Oh, here's a half hour" on some, you know,
21 random Thursday, and we can squeeze it in there.

22 MS. NEAL: Because it is very brief. I
23 think it's only scheduled for 30 minutes, isn't it?

24 MS. MELLO: It is. It's scheduled from 1:30
25 to 2:00 --



1 MS. NEAL: Yeah.

2 MS. MELLO: -- tomorrow. I believe you're
3 correct about that.

4 MS. NEAL: Thank you.

5 MS. MELLO: Dr. Schroeder -- and I apologize
6 because I haven't looked at it since before the break and
7 my brain's a little bit adjusting from being back, and
8 all of this.

9 I think that the JBC analyst has
10 historically had some concerns about the BEST board
11 having kind of final say on expending those state
12 dollars, and is making a fairly strong recommendation
13 that the legislature kind of take back some control of
14 that process by appropriating the dollars annually. So
15 "scathing" may not have been the best word. I think it's
16 a very strong recommendation.

17 I do think -- and I just -- I can just tell
18 you this from conversations I've had with Craig -- I
19 mean, he's certainly aware of the audit of the program,
20 and he's also aware of the Board's response and how
21 people are taking that very seriously, and they're
22 working to make the improvements that were suggested
23 there. So I don't think it's scathing in the sense of
24 saying, you know, it's a bad program, run poorly. I
25 think it's kind of a philosophical point, and it's one



1 that's been out there for a long time. It's one the
2 analysts feel strongly about, and several members of the
3 legislature do as well.

4 So that, of course, would be the opposite
5 approach to what I had mentioned before, about increasing
6 the cap and using marijuana money. So we've got kind of
7 two very distinct groups or thoughts out there at the
8 capital, and I'm not sure, at this point, which will win,
9 if either.

10 CHAIRMAN LUNDEEN: (Indiscernible.)

11 MS. NEAL: I would agree. I think we talked
12 about the fact that the Audit Committee did an audit of
13 the BEST board, and it was not particular -- it wasn't,
14 you know, it wasn't really bad but it was not
15 particularly generous. And they have a lot of ideas of
16 different ways to do things, and to make sure that they
17 were doing it correctly. So I would gather that he's
18 probably just kind of following up on that audit report
19 on another level.

20 UNIDENTIFIED VOICE: (Indiscernible.)

21 MS. NEAL: Well, the legislature did the
22 Audit Committee. I'm just saying there is a connection.

23 UNIDENTIFIED VOICE: (Indiscernible.)

24 MS. MELLO: Well, and -- sorry, if you don't
25 mind.



1 CHAIRMAN LUNDEEN: Please, go ahead.

2 MS. MELLO: You know, there was legislation
3 last year that came through that gave the Capital
4 Development Committee some oversight over the list, so
5 now the process -- the BEST board makes their decisions,
6 they come to you all, you all kind of say yea or nay.
7 Then it goes to the Capital Development Committee over at
8 the Capitol for that same kind of thumbs-up, thumbs-down.
9 It's like the base closure thing, right. They can't pick
10 and choose and move things around on the list, but they
11 could say, "Hm, we don't like this" and send it back.

12 I'm not sure that level of oversight is
13 enough to satisfy some of the critics of the program at
14 the legislature who, you know, I think at the core,
15 really struggle with the very significant sums of money
16 being expended and, you know, promised through bonding,
17 without kind of direct elected official involvement. I
18 mean, you all oversee it to some extent, the Capital
19 Development Committee oversees it to some extent, but the
20 best word is really the one making the decisions and
21 they're an appointed board. So I think that's kind of
22 the core of the discomfort.

23 MS. NEAL: I agree.

24 CHAIRMAN LUNDEEN: Fair enough. Jane?

25 MS. GOFF: Just very quickly a promise.



1 Thank you. Actually, Dr. Owen, this might be better for
2 you all. I -- as we discuss the changes in -- to 163,
3 although I read that a couple of times and I'm still not
4 latching onto it, is that going to involve statutory
5 change? Has the Department initiated some -- any
6 legislation or proposed bills this year that are -- have
7 we? That's all. That's my question. Has the Department
8 initiated any legislation this year?

9 MR. OWEN: Mr. Chair.

10 CHAIRMAN LUNDEEN: Please.

11 MR. OWEN: So it's a great question, Jane,
12 and I think we talked a little bit about it at our last
13 Board meeting. And we have a team that's working on how
14 to make the transition fit in a way that satisfies
15 federal kind of issues around our waiver, also looking at
16 our accountability law and how that's playing out, and
17 looking at the intersection of schools and districts that
18 are entering Year 4 and 5 on the accountability clock.

19 And so we think there's potential that we
20 might need some statutory changes. We're still trying to
21 finalize what that's going to look like. And there's
22 certainly legislators, I think, that are interested in
23 what that transition will look like and have asked us
24 questions about it. Btu we're still trying to finalize
25 our final approach on that, and then we'll see if there's



1 -- if it's absolutely necessary. But we're thinking
2 there's going to be at least some types of minor changes
3 that we'll have to take into consideration for the
4 transition year, and that transition year is really after
5 the first assessment of PARCC.

6 MS. GOFF: So '16?

7 MR. OWEN: 2015-2016, yeah.

8 MS. GOFF: Thank you.

9 CHAIRMAN LUNDEEN: Fair enough. Well, I'm
10 sure we will hear much more, with much more clarity and
11 detail from you as we move forward. Thank you very much
12 for your report.

13 MS. MELLO: I'll try to be more clear and
14 more detailed. It's only the first day.

15 CHAIRMAN LUNDEEN: You can only do what you
16 can do.

17 UNIDENTIFIED VOICE: Mr. Chair, I'd just
18 point out that we'll start next week with our legislative
19 liaisons --

20 MS. NEAL: Next Wednesday. Isn't it
21 Wednesday?

22 UNIDENTIFIED VOICE: -- at a meeting --
23 yeah, I think it's next week, and then we'll start that
24 process.

25 CHAIRMAN LUNDEEN: Excellent.



1 MS. MELLO: And if I might, so tomorrow is
2 the Governor's State of the State address that you all
3 will be attending. I believe the plan is that I will
4 meet you over here at 10:15 and we'll walk over together.
5 Is that acceptable to all of you?

6 UNIDENTIFIED VOICE: (Indiscernible.)

7 CHAIRMAN LUNDEEN: Did I say 10?

8 MS. MELLO: Well, you may have.

9 MS. NEAL: Somebody said 10.

10 CHAIRMAN LUNDEEN: I'm always early.

11 MS. MELLO: It doesn't -- I know, he's
12 always early. He doesn't define on time as early. We're
13 having a little conversation about that.

14 But, I mean, I'm happy to take you over at
15 10. The speech doesn't start until 11, so --

16 MS. NEAL: 10:15 is fine.

17 MS. MELLO: -- it's a fair amount of time to
18 kind of catch up with folks.

19 CHAIRMAN LUNDEEN: 10:15 is perfect.

20 MS. MELLO: Okay. I will meet you all here
21 at 10:15. Thank you.

22 UNIDENTIFIED VOICE: Sounds good.

23 CHAIRMAN LUNDEEN: Thank you very much.

24 UNIDENTIFIED VOICE: It's herding cats.

25 CHAIRMAN LUNDEEN: Hey, hey, hey.



1 Mr. Commissioner, your update on school
2 finance.

3 UNIDENTIFIED VOICE: You said it. We didn't
4 ask you.

5 MR. HAMMOND: Thank you. Thank you, Mr.
6 Chair. I think what we want to do today is really
7 twofold, and based upon the last conversation maybe add a
8 third element. I think Leanne will be there. Of course,
9 it is the BEST board presenting, and the BEST board
10 chair. Leanne will be there as well, as it relates to --
11 partially as it relates to the Department on the audit.
12 I'd like her to just touch a little bit on that, to help
13 clarify some of the questions.

14 Secondly, in the discussion on the revenues
15 from marijuana, Leanne has been appointed by me to be on
16 a --

17 MS. NEAL: You're the marijuana lady.

18 MR. HAMMOND: She's going to be the
19 marijuana revenue woman -- she's on a committee of Fero
20 (ph), and I asked her to -- that meeting has -- that
21 committee has met, and I wanted her to give you an update
22 on that, I thought you'd find interesting.

23 CHAIRMAN LUNDEEN: It will be. I'm going to
24 curious how we're going to float bonds in a federal
25 environment where the Federal Government does not approve



1 of our law. But anyway --

2 MR. HAMMOND: Always a challenge.

3 With that, and revenue forecast that came in
4 in December, Leanne.

5 MS. EMM: Great. Thank you. Thank you, Mr.
6 Chair.

7 I would like to just start out, if I may,
8 just with a little bit of follow-up on the BEST
9 discussion that you were having with Jennifer, regarding
10 the Joint Budget Committee briefing tomorrow. And one of
11 the things that Mr. Harper wanted to be sure that the
12 committee had enough time to digest was his
13 recommendation regarding the appropriation of the cash
14 grants.

15 Currently there is no requirement that the
16 legislature actually appropriate the amount of money
17 that's available each year for cash grants for the
18 program, so what has happened in the past is there have
19 been estimates from the State Land Board as to how much
20 revenue could potentially be available, and then those
21 revenues are looked at by the BEST board to determine how
22 much would be available to do cash grants. Mr. Harper
23 would like to have that amount appropriated each year,
24 which then the BEST board would know how much is
25 available going forward.



1 So, you know, there are pros and cons to
2 both sides of that. Talking with Scott Newell, our
3 interim director, that's how it used to be done. The
4 program used to be appropriated each year, so this would
5 kind of go back to that way of functioning. However,
6 from the BEST board's standpoint, what if more revenue
7 were to come in at a later date? Are we not able to get
8 that money out to schools soon enough? However, on the
9 flip side of that you have a supplemental appropriation
10 process. So it'll just be an interesting discussion.
11 We'll see where that goes.

12 The other part that I know he is going to be
13 talking about is within the audit there was much
14 discussion about how the priority assessment was being
15 used and how it is being updated and maintained. That
16 priority assessment currently cannot take the data
17 without a lot of machination and say here are the top
18 health- and safety-related issues in the state for a
19 school district, and that is what the auditors were
20 saying should have happened. So Parsons has been working
21 with BEST staff in order to develop what would it take --

22 MR. HAMMOND: Leanne, you might -- Parsons
23 is who --

24 MS. EMM: Oh, I'm sorry.

25 MR. HAMMOND: -- for the Board.



1 MS. EMM: Parsons is the firm that
2 originally did the original priority assessment, and they
3 went out into every state school district building and
4 did this priority assessment. There was a 200 --
5 approximately 220 criteria that was developed, and each
6 one of those criteria then was evaluated for each school
7 building. It's huge. It's over 8,000 buildings, 220
8 criteria. It's massive.

9 So one of the things that staff has been
10 working with Parsons on is what would it take to revise
11 this database in a more usable way. And so we've got
12 that piece of it. And then the second piece of it is how
13 can we update and maintain that priority assessment each
14 year for each school district?

15 So I believe that Craig will be talking to
16 the committee regarding an appropriation to revise that
17 database and get that in a more usable format for people
18 in order to look at some ranking and priority assessments
19 based on health and safety criteria.

20 Then the second piece, which will be a
21 discussion of the BEST board, would be how do we go about
22 updating and maintaining that data. And there's a range
23 of options. We can either update that information,
24 again, on a one-time basis, you know, spend another \$10
25 or \$11 million and have Parsons go out and look at every



1 building again, and then that would have to be done in
2 another five years, and in another five years. Is that
3 how we want to go, as a state? Or do we do a rolling
4 assessment? Do we have districts -- do we hire
5 subcontractors and assess it, or do we potentially bring
6 something like that in-house, in a sustainable fashion,
7 or do we rely on self-assessments for the districts? So
8 a whole range of options that the BEST board need to look
9 at and then make a recommendation to the Legislative
10 Audit Committee as to, you know, how should we go about
11 doing this?

12 So Craig will be talking about an
13 appropriation to update -- to revise the database and
14 look at that, and then we'll have the second piece of how
15 do we maintain and go forward. So I think those will be
16 two discussions that will occur at tomorrow's meeting
17 also.

18 I will tell you that about 80 to 90 percent
19 of the audit recommendations have been completed, so
20 those are done. I am just very proud of the staff over
21 there and the way the BEST board has moved forward with
22 those recommendations. They've made tremendous strides
23 in that, so that is moving forward.

24 So with that, do you have any questions
25 regarding BEST at this point?



1 CHAIRMAN LUNDEEN: Angelika.

2 MS. SCHROEDER: I'm not sure when this
3 occurred, and perhaps it was before BEST was even
4 approved, but my recollection is that Donald Kay (ph) did
5 some sort of an analysis of building needs in the state.
6 And so I'm kind of wondering what did that organization -
7 - it's a nonprofit, an educational -- what sort of
8 process they used, whether it was the back-of-the-
9 envelope kind of a process or whether that was actually
10 formal, and whether -- perhaps there's some collaboration
11 or some support, since that was one of their priorities,
12 whether we could tap into that. And I'm not sure. I
13 just remember the big numbers being bandied around and
14 speeches made about the extent of the capital needs in
15 the state of Colorado.

16 MS. EMM: Thank you. Mr. Chair, I am not
17 familiar with the Donald Kay assessment that was done.
18 However, I do know that they are currently -- there's
19 like a facility group that is looking at facilities and
20 things like that, and Matt Samuelson (ph) has had
21 conversations with various people. They are kind of
22 coming together to try and put their arms around
23 facilities and recommendations. It is -- there are some
24 people from the BEST board I know that have been
25 attending those meetings, but I'm -- there is connection



1 but it's -- I don't know what the Donald Kay connection
2 would be to the priority assessment, if you were going to
3 update that or revise that at this point.

4 CHAIRMAN LUNDEEN: Dr. Scheffel.

5 MS. SCHEFFEL: As I understand it, then, the
6 BEST board obviously has limited resources and has to
7 meet needs based on criteria. Was the audit critical, to
8 some degree, because they were intimating that the BEST
9 board wasn't using a holistic database against which to
10 look at individual needs, and now they are because
11 Pearson's conducted this study of 8,000 buildings across
12 Colorado, capital needs? Is that right?

13 MS. EMM: Mr. Chair. Thank you. One of the
14 criticisms in the audit was that the priority assessment
15 did not generate a list of buildings between 1 and 8,000
16 to say you should --

17 MS. SCHEFFEL: -- prioritize.

18 MS. EMM: -- put your money at this building
19 first. You can get at that information in various ways
20 and how the BEST board has been using that priority
21 assessment, has looked at grant applications and then
22 compared it to what the priority assessment would say.
23 But one of the things that I do not feel was strong
24 enough in the audit is that this is a grant program and
25 districts must choose to submit a grant application or



1 not. So even if we had a listing of 1 to 8,000, that
2 number one priority project, or number one project, they
3 would still need to apply to the program and then it
4 becomes a very local decision. Do they have the capacity
5 to even do this kind of project? Do they have the local
6 support if they were needing to come up with some kind of
7 a match to do the project?

8 So even if we had that listing like that,
9 you still have the locals deciding, should we even apply
10 for this grant or not? So -- and that was part of the
11 criticisms within the audit, but also I believe someone
12 missed in the audit.

13 MS. SCHEFFEL: So then one follow-up. Then
14 does the criticism extend to the board for the board not
15 being more -- using that lens of being proactive or
16 asking the BEST board to be more proactive in
17 prioritizing needs across the state, regardless of who
18 voluntarily submits a grant, or did that criticism not
19 come to the forefront, this Board?

20 MS. EMM: Thank you. I hesitate to say
21 anything that -- you know, without a board representative
22 here, in that regard. The board does go through an
23 extensive evaluation process when they've been awarding
24 processes -- or projects -- and they look at so much
25 information when they are going through the projects, and



1 they use the priority assessment as one data point in
2 order to help evaluate those projects. And that's where
3 the expertise of the board comes through also. That's
4 where that expertise -- they have architects, facility
5 managers, all of the different people that are appointed
6 by the various entities that appoint them in order to
7 really go through and do a significant evaluation on
8 that.

9 Now one of the things that they have done,
10 in order to help create transparency to their process and
11 satisfy some of the recommendations in the audit, is that
12 they have a developed a standardized evaluation tool, so
13 that they can go through and look at these criteria that
14 have been established, that they want to look at, and
15 they can score and rank these projects in a very -- in a
16 more -- in potentially a less subjective way, that it's
17 scored, they'll look at it, they will have to excuse
18 themselves if there's any potential conflict and things
19 like that, but it will look more like some of the other
20 grant processes that occur in the state.

21 UNIDENTIFIED VOICE: Mr. Chair.
22 Specifically to your comment, Ms. Scheffel, no. The BEST
23 board is a Type 1 board. The audit criticism fell on
24 them, on this particular issue, not this board.

25 MS. SCHEFFEL: Okay. Thanks.



1 MS. NEAL: Mr. Chair.

2 CHAIRMAN LUNDEEN: (Indiscernible.)

3 MS. NEAL: Just in order to keep the Board
4 updated on some of the conversations I've had about this
5 at various times, and correct me because, you know, I'm
6 not the financial person, the original concept here was
7 that one half -- approximately half of the money would go
8 to build the schools and the other half would go into the
9 cash grants, and that, of course, related to the cap on
10 the COPs. See, I hardly know what COPs are.

11 So I'm looking back at, historically, in
12 2008 and '09, the BEST money that was deducted was \$33
13 million. The next -- no, let me see if I've got that
14 right -- 35 -- and the following year, in 2009, it was
15 \$33 million. The third year -- and this is what I'm
16 really focusing on -- they got -- it was \$60 million
17 because it's based on the State Land Board's income, and
18 that -- they have their regular income, leases and sales,
19 and this and that, but they also have bonus payments when
20 they sign a big lease, and they signed this big lease --
21 a couple of big leases.

22 So in 2010, it was \$60 million, in 2011, it
23 was \$72 million. So there was -- you know, it was almost
24 double the amount of money. And because of the limits on
25 the school buildings and the COPs, all of the extra money



1 goes into the cash grant, and so the cash grant has
2 become -- you know, it doubled, more than doubled -- am I
3 right? -- in that third year, when they got the \$65
4 million. Everybody above the COPs would go into the cash
5 grants.

6 So, in my opinion, we have this huge fund of
7 cash grants, which everybody loves to -- it's kind of --
8 I hate to use the word "slush fund" but it's become sort
9 of a slush fund. And I have -- I've talked to Pat
10 Steadman and Janet Gireaux (ph), and shouldn't it be,
11 perhaps -- and this is not a popular idea. I just want
12 you to know that I brought that up. Shouldn't we perhaps
13 limit it to regular income, so that, you know, the
14 regular income that they got, and if there's a bonus
15 wouldn't it be better if it was not in there, that if it
16 was -- it went into the permanent fund? Because, you
17 know, that's my big thing. For three years we had no
18 growth in the permanent fund. In the next three years we
19 had a minimal amount of growth, and there's no money
20 going into the permanent fund. It's also going into
21 BEST.

22 And so I talked to them about that,
23 suggested they might want to pursue that, but I don't
24 think they have any -- you know, because there's so much
25 pressure out there. We just talked about with the



1 political, there's so much pressure out there for money.
2 Oh, we need money, money, money. But I just want you to
3 know that I did talk to them about that, and whoever
4 appears next year to take it on. I just think it's a
5 good idea to -- you know, to be able to increase the
6 amount of money, because we have an obligation to the
7 children of the future and we're not fulfilling that
8 obligation right now because we're not putting money into
9 cash -- into the permanent fund.

10 Now are they truly going -- they're not
11 going -- the legislature is not going to sweep this year,
12 or have they made that decision?

13 MS. EMM: Thank you. Supposedly the sweep
14 is done, and that still in statute is that 50 percent of
15 the State Land Board revenue would come into the BEST
16 program. This year we're anticipating that there will
17 only be about \$10 million available for cash grants --

18 MS. NEAL: Cash grants.

19 MS. EMM: -- because those bonus lease
20 payments are starting to taper off. So the projections,
21 at this point, is there will be about \$10 million, not
22 including any amendment AA money --

23 MS. NEAL: Yeah.

24 MS. EMM: -- for those cash grants. I
25 believe -- and I will have to go back and check -- but I



1 think in last -- it was either last year's School Finance
2 Act or the year before, there was something put in there
3 about limiting those lease payments and not having those
4 go into the BEST program, and I believe that was struck
5 out. Well, I know that if it was in there it got struck
6 out. But there was an attempt --

7 MS. NEAL: Well, I think, you know, we need
8 to just make sure that as much money as possible is going
9 into the permanent fund. And so I hope that they will
10 continue to do that, and I have had those conversations.
11 I just wanted people to know that I had -- I think that,
12 you know, the bonus -- you can't depend on that. It's
13 like this year -- one year they got \$60 million and the
14 next year they don't. And so I just thought it would be
15 -- have been much better to put bonus money into the
16 permanent fund instead of going into cash grants. I
17 didn't get that but I wanted you to know that.

18 CHAIRMAN LUNDEEN: Other questions or
19 comments in this area?

20 Let me make one more comment before we move
21 on. I'd like to associate myself with the Vice Chair's
22 comments and amplify, perhaps. I think there's some
23 principles at play here. There is recurring revenue,
24 which should be treated as recurring revenue. There is
25 one-time money, which, sadly, was not treated as if it



1 was one-time money. It was treated as if it was
2 recurring revenue, and that's a mistake, and I believe
3 that is -- the metaphor I choose is I believe that it's
4 in a significant way eating our seed corn. It is taking
5 from the mouths of future students in Colorado, and
6 that's an error that we have made.

7 The reason I bring this up and drive it to
8 the level of principles is I think there's become now a
9 third class, and I'll call it dubious money. It's this
10 tax money, this new tax money coming in, the marijuana
11 money, the pot money if you will. And it's not clear the
12 future of this money, exactly how it can be used, how it
13 will be used. And to seize it and pull it from the
14 dubious money bucket, as I would call it, and drop it
15 into the recurring revenue bucket would be, I think, a
16 mistake. And I think that's something that will probably
17 be discussed across the street. I hope it's discussed
18 across the street, and I would certainly add my voice to
19 a desire for some clarity in thinking about what the
20 appropriate use of that money may be.

21 MS. NEAL: Thank you.

22 UNIDENTIFIED VOICE: (Indiscernible.)

23 CHAIRMAN LUNDEEN: It is. The proposition
24 had its own language, but then there becomes this set of
25 questions around, well, can we bond against that money?



1 Well, then that opens a whole additional set of
2 questions, because the Federal Government does not
3 necessarily agree with the laws that the State of
4 Colorado has chosen, and I personally, myself, have kind
5 of questions the laws that the State of Colorado has
6 around this area.

7 UNIDENTIFIED VOICE: But the voters have
8 voted.

9 CHAIRMAN LUNDEEN: The voters have voted.
10 I'm simply saying that the -- when it gets into the legal
11 questions around how you can use that money, whether you
12 can leverage that money or not, and what you can do, it
13 is, in fact, dubious money. And I picked that title with
14 some degree of thought, and I think we need to be careful
15 that, as a state, as a people that have, in fact, spoken,
16 choose how we use that dubious money.

17 Angelika, please, and I have engendered a
18 whole set of questions and comments here.

19 MS. SCHROEDER: I don't disagree with you
20 but I would argue that pretty much all our revenues are
21 variable, as much as I use the word "dubious," maybe in
22 this case it is if the feds can actually override the
23 vote of the people. That would surprise me. But it
24 certainly is going to be variable. And so then if you
25 bond that money it's problematic. But that's problematic



1 in a lot of ways.

2 CHAIRMAN LUNDEEN: Sure, and maybe a more
3 neutral word. If I, instead of calling it dubious,
4 called it uncertain money, that might be more palatable.

5 MS. SCHROEDER: It's going to vary over
6 time, and potentially -- I think I'm hearing that you
7 think that this could be overturned in some way.

8 CHAIRMAN LUNDEEN: I'm saying it's
9 uncertain, and there is legal activity that will come
10 against it, I think, at some point.

11 MS. SCHROEDER: Oh, okay.

12 CHAIRMAN LUNDEEN: It's just -- you know,
13 revenues can be variable in the sense that the revenue
14 may go up, may float up, may float down. This has an
15 additional question associated with it as to, not only is
16 it variable. It's what will the legal allowances for
17 this money be in the long term.

18 MS. NEAL: Question, because I've forgotten.
19 Did the ballot just say education or did it say -- was it
20 specific about what education it would be used for?

21 MS. EMM: Mr. Chair, it was specific that
22 the first \$40 million raised from excise taxes would come
23 into the Capital Construction Assistance Fund.

24 MS. NEAL: Okay.

25 MS. EMM: BEST.



1 MS. NEAL: Thank you.

2 CHAIRMAN LUNDEEN: Thank you for that
3 discussion. I appreciate it. And I think you have more
4 in your presentation. Please proceed.

5 MS. NEAL: We can get off of BEST now. I
6 won't talk anymore.

7 CHAIRMAN LUNDEEN: Yeah, absolutely. BEST
8 is a conversation that we like to talk about.

9 MS. EMM: Thank you. Okay, so I'm going to
10 just move into the December revenue forecast, and both
11 Legislative Council and OSPB did present those to the
12 Joint Budget Committee, and even though these December
13 forecasts helped inform the discussion, the March
14 forecasts will be the ones that really set and drive the
15 '14-'15 budget.

16 It was kind of interesting because the
17 Legislative Council forecast did lower their expectations
18 of revenue for both '13-'14 and '14-'15, due to lower
19 forecasts for corporate and income individual taxes, but
20 OSPB, on the other hand, raised theirs a little bit, from
21 September. But what those did is they actually brought
22 both forecasts closer together, by about \$200 to \$225
23 million versus a wider range in September.

24 So they're both seeing steady growth within
25 Colorado and they're both expecting that to continue



1 throughout this year. They are both concerned, still,
2 about fiscal and monetary policy at the federal level and
3 how these could impact the overall economy.

4 The transfer to the State Education Fund was
5 a little bit over \$1 billion, so they closed the books
6 for June 2013, and that transfer was made into the State
7 Education Fund. So that sets the stage for the State
8 Education Fund as to how much will be drawn down for both
9 '13-'14 and '14-'15.

10 The Department is submitting a supplemental
11 budget request to fund the growth in funded students that
12 were over the original projections, and that is being
13 finalized. The funded pupils came in at about 2,800 over
14 the original projection, but it's interesting that the
15 at-risk students actually decreased from the original
16 projection by about 1,100, so that was kind of
17 interesting.

18 Total program to fund this change in growth
19 is about \$18.5 million. However, within that the
20 assessed values actually dropped from the original
21 estimates, and so that creates an increase needed to
22 backfill that drop in assessed values of about \$36.8
23 million. So if you have a change in pupil counts, an
24 increase in pupil counts, coupled with the drop in
25 assessed values, the state share would need to increase



1 by about \$55 million. So that's the supplemental
2 increase that we'll take across the street, is about \$55
3 -- a little over \$55 million.

4 In addition to that increase, we will take
5 over a supplemental for flood impacts, for pupil counts
6 of about \$651,000 and transportation of about \$181,000.
7 So significantly less than what was originally being
8 thought about but we will be asking for those
9 supplemental increases.

10 In addition to the standard revenue
11 forecast, they also included a projection for student
12 counts and assessed values for next year. So funded
13 pupils would be expected to increase by about 11,800
14 students, or 1.4 percent, and property tax and specific
15 ownership tax are anticipated to rise about 2.2 percent.

16 If you use the Legislative Council inflation
17 increase of 2.9 percent, we would need an additional \$260
18 million to fund that inflation and growth, and also
19 inflate the statewide average per-pupil revenue by
20 inflation, which is what Senate Bill 13-108 does, is it
21 requires that the statewide average be inflated by
22 inflation. So that's about \$260 million, but that also
23 includes the \$55 million that we just talked about, that
24 if you fund the supplemental and then do inflation and
25 growth, those two pieces together would require an



1 investment of about \$260 million.

2 So do you have any questions in those
3 regards?

4 UNIDENTIFIED VOICE: (Indiscernible.)

5 MS. EMM: I'm sorry. What's that?

6 UNIDENTIFIED VOICE: My eyes are glazing
7 over.

8 MS. EMM: I'm sorry. Yes, it gets --

9 UNIDENTIFIED VOICE: I agree. So let me say
10 -- so you were talking about if education was funded by
11 inflation plus growth it would be X amount. So given
12 that 66 didn't pass, Amendment 23 is still in effect. So
13 talk to us about what has to happen versus what is up to
14 the desires of the legislature.

15 MS. EMM: Sure. Thank you. Mr. Chair.

16 CHAIRMAN LUNDEEN: Please.

17 MS. EMM: So if we -- that's a very good
18 question. So I'm going to -- I'm going to go to the \$260
19 million mark, because what that would do is it would take
20 this year's statewide average, that was in the original
21 appropriation, and it takes the statewide average up by
22 inflation-- so that per Senate Bill 13-108, so that is
23 current law -- and it funds regular inflation of 2.9
24 percent and pupil growth. So in all reality, at this
25 point in time, you need \$260 million.



1 Now, if the legislature did not want to fund
2 the supplemental appropriation of \$55 million, what that
3 does is it takes this year's original statewide average
4 per-pupil funding of \$6,652, if they choose not to fund
5 that it actually lowers the statewide average, okay, to
6 where then, under Senate Bill 108, you have a lower base
7 that you have to apply the statewide inflation to.

8 So I would expect that they will fund the
9 supplemental appropriation for the increase in pupil
10 counts this year, okay, because you have your original
11 appropriation that needs to go up if you're going to
12 cover -- if you're going to cover the increased kids and
13 keep the statewide average the same as it was in the
14 original appropriation.

15 UNIDENTIFIED VOICE: So you're anticipating
16 that school districts, for the whole state, will get an
17 additional \$260 million, as part of the school finance
18 formula -- no?

19 MS. EMM: Thank you. Not quite. Not quite.
20 But what I'm anticipating is that they will fund the
21 supplemental appropriation. First of all, that's step
22 number one. So for '13-'14, the legislature will -- I
23 would guess they will fund the \$55 million, keep the
24 statewide average per-pupil funding the same as the
25 original appropriation in '13-'14.



1 UNIDENTIFIED VOICE: Okay. I apologize, but
2 maybe there's another Board member who has this question.
3 The supplemental for \$50 million, what is that
4 supplemental?

5 CHAIRMAN LUNDEEN: \$55. Go ahead.

6 MS. EMM: Thank you. The \$55 million, what
7 that does is it covers the increase in pupils from what
8 was originally --

9 UNIDENTIFIED VOICE: Oh, I see.

10 MS. EMM: -- estimated.

11 UNIDENTIFIED VOICE: Okay.

12 CHAIRMAN LUNDEEN: It's for this fiscal
13 year.

14 MS. EMM: Yeah, this fiscal year, for '13-
15 '14. So it covers that increase in pupils over what was
16 originally estimated and keeps the statewide average per-
17 pupil funding the same as the original appropriation. So
18 if it were not funded, if that \$55 million were not
19 funded, in effect, districts would realize a rescission
20 in '13-'14.

21 UNIDENTIFIED VOICE: Isn't the legislature
22 required to fund additional students that enroll in our
23 public schools?

24 MS. EMM: No. They would do it as a
25 rescission. And so what would happen is the negative



1 factor would increase and districts would be absorbing
2 those pupils without the additional funding. We are
3 required to take forward a supplemental appropriation
4 every year and they can either approve it or they can
5 deny it. And I have seen them deny it.

6 UNIDENTIFIED VOICE: Okay. So we think that
7 the additional \$55 million will be funded. That's the
8 supplemental.

9 MS. EMM: Yes.

10 UNIDENTIFIED VOICE: And then in accordance
11 with Amendment 23, they have to fund at inflation, but
12 they do not have to fund growth because we're beyond ten
13 years. So that's the part I'm still confused about.

14 MS. EMM: Okay. So let -- we're just going
15 to assume that they fund the supplemental appropriation,
16 okay, so that \$55 million keeps the statewide average the
17 same this year. And then that would be our starting
18 point for '14-'15, and then if you take, now, all three
19 pieces -- you have Amendment 23 that increases base per-
20 pupil funding by inflation, then you have student growth,
21 and then, under Senate Bill 13-108, you need to keep the
22 statewide average per-pupil funding inflated by
23 inflation.

24 So there's three pieces there, and that
25 cost, in order to do that -- well, we've already funded



1 the \$55 million, so now you've got a cost \$205 million in
2 '14-'15 that would need to be appropriated. If they want
3 to buy down the negative factor, that will cost
4 additional money.

5 UNIDENTIFIED VOICE: Right.

6 UNIDENTIFIED VOICE: (Indiscernible.)

7 UNIDENTIFIED VOICE: Thank you.

8 MS. EMM: Yes. I -- thank you. Mr. Chair.

9 UNIDENTIFIED VOICE: Explain to us the
10 difference between one and three.

11 MS. EMM: Okay. So --

12 UNIDENTIFIED VOICE: We're really paying
13 attention, actually.

14 MS. EMM: I know. Thank you. Thank you. I
15 appreciate this. I appreciate it. It is complex.

16 So under Amendment 23, you have to inflate
17 base per-pupil funding by inflation. Okay, so base is
18 not the same as the statewide average per-pupil funding,
19 okay? So that's the first thing. So you take base and
20 increase that by inflation, and then run everybody
21 through the formula, through all of the factors, and all
22 of that kind of thing, and you get a total cost, which
23 then creates a statewide average per-pupil funding, which
24 is higher than the base.

25 Then, under Senate Bill 13-108, there is a



1 requirement that the statewide average also be increased
2 by inflation.

3 UNIDENTIFIED VOICE: (Indiscernible.)

4 MS. EMM: Well, not quite. Not quite.

5 UNIDENTIFIED VOICE: You know what? Some of
6 us don't do it this way. We do it this way.

7 (Indiscernible.)

8 MS. EMM: Okay.

9 UNIDENTIFIED VOICE: Repeat that. I mean, I
10 think it makes sense. It feels like you take the base,
11 you adjust it for inflation, and you throw in a whole
12 bunch of other stuff, and then do inflation again.
13 Therefore, you're doing the base essentially twice.
14 You're inflating it twice.

15 MS. EMM: You know, if you have -- if
16 there's something I could write on or something like
17 that, or a big -- because I think I can make it make
18 sense.

19 UNIDENTIFIED VOICE: You know, we're the
20 Board of Education. We don't have chalkboards or
21 (indiscernible). You need a whiteboard.

22 MS. EMM: You know, she might be seeing if
23 there might be one available.

24 UNIDENTIFIED VOICE: Voila.

25 MS. EMM: So maybe -- why don't we see if we



1 could come back.

2 CHAIRMAN LUNDEEN: Oh, there.

3 MS. EMM: Look at that. Okay.

4 (Pause.)

5 MS. EMM: All right. So we've got base per
6 pupil, and I apologize that I am not going to know these
7 numbers.

8 UNIDENTIFIED VOICE: Just make a nice round
9 number.

10 MS. EMM: Okay. We'll just do \$5,800.
11 That's pretty close. Then we have to, under Amendment
12 23, we have to take that by inflation -- 2.9 percent is
13 the Legislative Council estimate, OSPB says 2.6. In
14 February we'll know exactly what it is. So 2.9 percent
15 on this is -- my math is going to be very bad, so it's
16 about --

17 CHAIRMAN LUNDEEN: \$168.20.

18 MS. EMM: \$116. Okay.

19 CHAIRMAN LUNDEEN: \$168. \$168.

20 MS. EMM: So then we get a new base of
21 \$5,916.

22 CHAIRMAN LUNDEEN: Close enough.

23 MS. EMM: Then -- so everybody -- everybody
24 starts here, and then we run it through the formula,
25 which is cost of living, size, at-risk, all of those



1 different formulas.

2 MS. GOFF: Special ed, or not?

3 MS. EMM: Special ed is not included. But
4 these are all of the factors that come in here, and so
5 each district receives a different per-pupil funding
6 amount, and it varies. It varies from about \$6,000 all
7 the way up to about \$15,000.

8 MS. GOFF: In addition to the base?

9 MS. EMM: The base is recalculated
10 (indiscernible) with these -- with the formula factors.

11 MS. GOFF: Does the COLA get established in
12 February?

13 MS. EMM: Yes. This will be established in
14 February.

15 MS. GOFF: COLA and inflation are the same.

16 MS. EMM: Yes. Well --

17 MS. GOFF: No?

18 CHAIRMAN LUNDEEN: COLA is based on
19 inflation.

20 MS. EMM: Yes. The cost of living varies
21 for each district.

22 MS. GOFF: And when does that get
23 established?

24 MS. EMM: That is a study that Legislative
25 Council does, and I believe it will be complete, for the



1 '14-'15 year (indiscernible).

2 CHAIRMAN LUNDEEN: It's its own specific
3 formula.

4 MS. EMM: It's its own specific formula, and
5 it is totally different from inflation.

6 So then what happens is you multiple all of
7 these per-pupil amounts by the estimated number of
8 students, estimated kids, and you get this total pot,
9 okay, which is a big number. It's like \$6-point-
10 something billion. Okay?

11 Then you take this huge, \$6 billion pot and
12 then divide it by the number of kids, and that creates
13 the statewide average number, and then you're at \$6,652.
14 I do know that one. It's burned in my brain. Okay?

15 So under Amendment 23, we've got, number
16 one, inflation, so that's Amendment 23, and then we've
17 got the estimate for the kids, growth, so that's number
18 two, and then the number three requirement, by Senate
19 Bill 13-108, is the -- (indiscernible) by two also is
20 inflated by inflation.

21 MS. GOFF: So you're double-inflating the
22 base. You are double-inflating the base. Initially, and
23 it includes in the next figure, so the base gets 5.8.

24 MS. EMM: And so what happens -- what
25 happens is this becomes -- I think it's the number --



1 I've got it on my sheet -- \$6,845. \$6,845 becomes the
2 new base, which is -- I believe it's about 3.4 percent
3 increase, in all reality. No, the total becomes 3.4
4 percent. It's a total increase of about 3.4 percent,
5 because this 2.9 but then the pot grew by about 3.6 (ph),
6 okay.

7 And then -- so that -- that's kind of the
8 mechanics of how this would work. Now what can happen is
9 that we will put in the budget request to, you know, have
10 it be \$6,845 statewide, and the total increase is going
11 to be \$260 million or so, which includes the 55 from this
12 year. And then the legislature will have to decide,
13 well, do we really want to follow Senate Bill 13-108?
14 They can change it. They could say we don't want to
15 increase the base by inflation. Or they could say we
16 want to put more money in, above and beyond the \$260
17 million. So they have all kinds of different choices.
18 The only constitutional requirement is that this base is
19 inflated by inflation. That's the constitution.

20 MS. GOFF: So then the other piece that they
21 can consider is do they do this or hold back on some of
22 this and restore the recorrect?

23 CHAIRMAN LUNDEEN: Negative factor.

24 MS. GOFF: Negative factor, which is also
25 (indiscernible).



1 MS. EMM: I think --

2 MS. GOFF: So my question is, what, if any,
3 effect on future calculations of inflation, et cetera,
4 does restoration of the negative factor have, as opposed
5 to they could be (indiscernible) if they go through all
6 of this?

7 MS. EMM: To me, what would happen is you've
8 got this \$6 billion, which is calculated as the pot
9 before the negative factor, okay. And so right now the
10 negative factor takes out \$1 billion and it brings it
11 down to 5-point-something. By changing this, they're not
12 doing anything to the cost of living, size, at-risk, or
13 anything like that. What it's doing is it's bringing
14 down the negative factor piece, so instead of 15.4
15 percent it might go to 13 percent or 12 percent or
16 something like that. And then what happens is it
17 increases the statewide base.

18 So for going out --

19 MS. GOFF: So restoring the negative factor
20 would also change the base. And I thought the base was
21 the one thing they had to fund, and it was the other
22 stuff that they were not funding. I am so confused.

23 UNIDENTIFIED VOICE: No, that's where all
24 the --

25 MS. GOFF: (Indiscernible.)



1 UNIDENTIFIED VOICE: Yeah.

2 CHAIRMAN LUNDEEN: Good.

3 MS. EMM: It would not change the base up
4 here. The base is the base is the base.

5 MS. GOFF: Right.

6 CHAIRMAN LUNDEEN: But it changes statewide
7 average.

8 MS. EMM: It changes statewide average.

9 MS. GOFF: Okay.

10 MS. EMM: Yes. It increases the statewide
11 average.

12 MS. GOFF: So it would have an effect on
13 that new bill --

14 MS. EMM: Yes.

15 MS. GOFF: -- which totally escapes me. I
16 don't remember what the --

17 MS. EMM: It could impact it.

18 CHAIRMAN LUNDEEN: Dr. Scheffel. Oh, Jane,
19 were you holding a question? Okay. Please, go ahead.

20 MS. GOFF: Thank you. The \$55 million, tell
21 me where that is chronologically, and by that I mean,
22 that \$55 million is based on enrollment growth, we knew
23 when? After October of 2012 count date, which makes
24 sense because the bill then went through in that same
25 session. But the \$55 million in our current life -- so



1 in '13-'14, we have -- there is secured allocation of \$55
2 million for growth, but this is the time of the year we
3 also start talking supplementals. So, in other words,
4 that \$55 million is not necessarily in the bank, so to
5 speak. It has to be agreed to for the remainder of this
6 fiscal year, right?

7 Okay. So then next year, when we're looking
8 at '14-'15, the \$55 million, that's not a static amount,
9 is it? Or is that already assumed that that is what --
10 that will be part of the '14-'15 budget --

11 UNIDENTIFIED VOICE: Once it's approved for
12 this year.

13 MS. GOFF: If it's approved this year it
14 carries through. Then what happens when we have the next
15 student count date? It should apply consistently, so
16 that if there is growth there then the following fiscal
17 year we'll see more of an amount allocated. Is that --
18 am I right on that, data-wise?

19 MS. EMM: Thank you. Yes. Yes. That made
20 perfect sense, that the \$55 million would go into this
21 year's, and basically it would build this year's original
22 appropriation up to a revised budget amount, including
23 the \$55 million, and to account for changes that occurred
24 in the October 2013 count, above and beyond what was
25 originally estimated, okay.



1 MS. GOFF: Right.

2 MS. EMM: So the districts were being funded
3 on an estimate, and now, to keep them whole, we need \$55
4 million in order to keep them whole.

5 MS. GOFF: For this year.

6 MS. EMM: For this year. Then going into
7 next year, Legislative Council has taken the updated
8 counts and said now let's project out '14-'15, a new
9 count.

10 MS. GOFF: Okay.

11 MS. EMM: And so we have a revised budget
12 amount that then gets incorporated into the '14-'15
13 budget request.

14 MS. GOFF: And then, two quick comments.
15 They're not really questions. I often hear public people
16 -- my constituents and others, and it's printed in places
17 -- the figure of Colorado's per-pupil spending is as high
18 as \$15,000. Now we know this is how it works. We know
19 how it's figured. It is unique to every district. It's
20 unique to every child's situation and factors that may
21 apply.

22 I guess it's just a comment. I find that
23 sometimes very disconcerting that we have the really --
24 and even beyond, the highest level of estimation of what
25 a per-pupil expenditure would be and it's being portrayed



1 as applying across the entire state, when we do have, and
2 we know -- some of us have districts in our involvement
3 that are way down in the -- way in the \$6,000-something
4 range, if not lower. So it's just a comment.

5 And the other comment is the negative
6 factor. If we're trying to explain what that is in a
7 user -- a hearer-friendly way, wasn't that really a
8 mechanism to balance the budget so that Colorado could
9 end up at a zero-based -- a zero-based balancing system?
10 And so whatever amount was needed to balance all of the
11 parts of the budget, that's where the -- it was -- our
12 education budget was negative-ized in order to make that
13 budget work. So if that's changed then we have -- that
14 automatically means more money in ed, less negative
15 factor. So that's with an increase in the negative,
16 which is a little oxymoronic, I guess. But is that
17 correct in how that could be explained without getting
18 too complicated?

19 MS. EMM: Thank you. Yes, that is right on
20 --

21 MS. GOFF: Thank you very much.

22 MS. EMM: -- in a way to explain that. And
23 then, just a follow-up on the -- I also see the \$15,000
24 expenditure reported. That encompasses all funds that
25 districts spend within a district. So let's say a



1 district has issued bonds and they had large capital
2 expenditures in any given year. That will increase that
3 per-pupil spending amount across all funds. It also
4 encompasses food, transportation, all of those -- federal
5 dollars, all of that.

6 MS. GOFF: And, by the way, not to be coy
7 here, I had asked Leanne about this a couple of months
8 ago because I was getting similar and various worded
9 questions along the same lines, and I appreciate that,
10 and the explanation was very well received and much
11 appreciated.

12 CHAIRMAN LUNDEEN: Deb.

13 MS. SCHEFFEL: Three quick questions. One,
14 is there any kind of a one-pager that captures this
15 bulleted explanation of the formula? That would be
16 really helpful, because we get asked this question all
17 the time.

18 CHAIRMAN LUNDEEN: I did see a trifold
19 thing.

20 MS. SCHEFFEL: Secondly, am I correct in
21 saying that in that formula there are two calculations
22 for inflation. One is required by the constitution and
23 the second is required by Senate Bill 13-108. Is that
24 right?

25 MS. EMM: Yes, that is correct.



1 MS. SCHEFFEL: Okay. And then, finally, is
2 there a list of variables that figure into the
3 adjustments of where the amounts are different per
4 district? So you mentioned cost of living, size. Is
5 there a list of -- a summative list of all the variables
6 that figure into that portion of the formula?

7 MS. EMM: Thank you. I will provide you
8 with our Understanding School Finance brochure --

9 MS. SCHEFFEL: Oh, that would be great.

10 MS. EMM: -- and that will -- that's -- that
11 will --

12 MS. SCHEFFEL: So maybe that brochure will
13 capture the one-pager.

14 CHAIRMAN LUNDEEN: That helps a lot.

15 MS. SCHEFFEL: Is that on the website?

16 MS. EMM: It is. It is. I can send all --

17 CHAIRMAN LUNDEEN: What is that -- six
18 pages? I'm trying to remember.

19 MS. EMM: I think it's somewhere around
20 there.

21 MS. SCHEFFEL: Great. Okay.

22 MS. EMM: We'll send that link.

23 MS. SCHEFFEL: Thank you.

24 CHAIRMAN LUNDEEN: Okay. All right. You're
25 going to cover forecasts, and I'm going to call it



1 cannabis cash? You've got --

2 UNIDENTIFIED VOICE: (Indiscernible.)

3 CHAIRMAN LUNDEEN: Okay. So, go ahead.

4 MS. EMM: Cannabis cash. Now that's a good
5 one. I haven't --

6 CHAIRMAN LUNDEEN: You heard it here first.

7 MS. EMM: -- heard that one. That's right.
8 Okay.

9 So there is a working group that is looking
10 at the marijuana money coming in, and it's -- it is
11 projected right now to be -- oh gosh -- in '13-'14
12 there's a projection of about \$24 million that would be
13 available. This is above and beyond the \$40 million that
14 would come into BEST, and above and beyond, after you
15 peel out the expenditures that are necessary for the
16 Department of Revenue and those kinds of things.

17 MR. HAMMOND: Hold on just a second. Mr.
18 Chair, I think this is something that the Board -- again,
19 we're going to start talking about net. Net will be
20 after BEST?

21 MS. EMM: Yes.

22 MR. HAMMOND: After all expenses.

23 MS. EMM: Yes.

24 MR. HAMMOND: These are the projections.

25 MS. EMM: Yes.



1 MS. SCHEFFEL: Can you just restate that?

2 MS. EMM: So about \$24 million at this
3 point, and this is very preliminary. This is very
4 preliminary information. And then, looking forward, it's
5 expected to possibly be as much as \$80 million. So the
6 discussion is around how do we, as a state, look at these
7 additional revenues coming in and align them with also
8 the priorities that have been set forth from the feds --
9 you know, for instance, keeping marijuana out of minors'
10 hands, ensuring that it's not going across lines, drug
11 cartels, those kinds of things.

12 UNIDENTIFIED VOICE: Drug treatment.

13 MS. EMM: Drug treatment, those kinds of
14 things.

15 So that is kind of where there's some
16 discussion about how best to use these -- no pun intended
17 -- how to use these revenues and things like that.

18 One of the things that was being talked
19 about is currently we do not have a lot of baseline data
20 about adolescent drug use as it relates to marijuana, and
21 one of the things that might be a use of these funds is
22 would there be a way to gain some baseline data?
23 However, what might need to be required would be the
24 districts currently submit data to substance abuse, and
25 it's all wrapped in there, and it might be that that



1 needs to be separated out, if we wanted to track
2 marijuana use separate from other substance abuse and
3 things like that. And that might be one use of the
4 funds. Maybe there could be more resources that could go
5 into the youth marijuana campaign, school resource
6 officers, things like that, but also knowing there's a
7 whole list of things that need to be done, per Senate
8 Bill 283, on implementing these new laws and things like
9 that.

10 So very preliminary information. People are
11 looking at that.

12 MS. GOFF: Leanne, what are the
13 restrictions? Does the amendment or the statute -- what
14 are the restrictions on how that money is spent? I mean,
15 can it be spent on anything in the general fund or is it
16 restricted to --

17 MS. EMM: Thank you. I am not very familiar
18 at this point with all of the restrictions. I think
19 there are some. And then there are some priorities on
20 prevention and things like that, but I'm not real
21 specific on those at this point.

22 MS. GOFF: Could you get that information?

23 MS. EMM: I'll look.

24 MS. GOFF: That would be great. No rush.

25 MS. EMM: So that's where we're at, and that



1 will be an ongoing discussion.

2 CHAIRMAN LUNDEEN: Thank you. Anything on
3 forecasts, or no? Did you have further information in
4 your report, I guess is the question.

5 MS. EMM: Oh, not on any kind of revenue
6 forecasts at this point. Thank you.

7 CHAIRMAN LUNDEEN: Thank you. Yeah, okay.
8 I think we'll take a break, we'll come back, and we've
9 got our conversation around Board support of the Priority
10 Improvement districts and districts in Turnaround, and
11 other items.

12 So let's just take a two-minute, three-
13 minute break. Honestly, they end up being five-minute
14 breaks, but let's make it a good five-minute break, okay?

15 (Meeting adjourned)

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C E R T I F I C A T E

I, Kimberly C. McCright, Certified Vendor and Notary, do hereby certify that the above-mentioned matter occurred as hereinbefore set out.

I FURTHER CERTIFY THAT the proceedings of such were reported by me or under my supervision, later reduced to typewritten form under my supervision and control and that the foregoing pages are a full, true and correct transcription of the original notes.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 25th day of February, 2019.

/s/ Kimberly C. McCright
Kimberly C. McCright
Certified Vendor and Notary Public

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