



Public School Finance Task Force Meeting Minutes

December 5th, 2023 8:30 AM - 1:00 PM

[Link to Live Stream Meeting](#) | [SB23-287](#)

Task Force Members Present: Alex Magaña, Brenda Dickhoner, Carrie Zimmerman, Chuck Carpenter, Dan Snowberger, Deborah Hendrix, Kathy Gebhardt, Jennifer Okes, Kermit Snyder, Leslie Nichols, Lisa Weil, Marc Carey, Marty Gutierrez, Riley Kitts, Sarah Siegel, Sarah Swanson, Steven Bartholomew, Terry Croy Lewis, Nick Plantan, Anna Gerstle (in place of Craig Harper)

Task Force Members Absent:

Facilitator & Support: Nick Stellitano – Dillinger Research & Applied Data, Patrick Gibson - CT School State Finance Project, Ashley Robles - CT School State Finance Project, Amy Carman - Executive Director of School Finance & Grants, Shelbie Konkel - Senior Legislative Advisor, Melissa Bloom - Principal Policy Advisor, Yolanda Lucero - Fiscal Data Coordinator

Welcome and Norms Review

- The Task Force Facilitator, Nick Stellitano, commenced the meeting at 8:36 AM MST and welcomed task force members and guests. Nick Stellitano provided a brief overview of today's agenda, reviewed technical etiquette, including the use of emojis, and reviewed the guidelines for interaction, deliberation and collaboration.
- Nick Stellitano provided an update on the task force project plan and reviewed the tentative plan for the remaining meetings in December 2023 and January 2024.
- Nick Stellitano reviewed outstanding questions before the task force.
 - Nick Stellitano reviewed the bill language regarding institute charter schools, mill levy equalization and multi-district online programs funding and shared that guidance confirmed the meaning of this language to be confined to Charter School Institute (CSI) schools.
 - Nick Stellitano reviewed the funding formula changes and other changes contained in the "Superintendent's Bill" (HB18-1232).
 - Jennifer Okes asked a clarifying question as to whether Nick Stellitano said the bill removed special education from the categoricals and was included in the school finance formula.
 - Nick Stellitano clarified that the bill kept reimbursement for high-cost special education students in the categorical funding stream.
 - Jennifer Okes shared that it would be problematic to remove special education from categoricals due to Amendment 23 and believed it was additional special education funding in the formula.
 - Nick Stellitano clarified that the bill did include special education in the funding formula.
 - Lisa Weil just wanted to highlight Nick Stellitano's point that the bill did have categorical funding for high-cost special education reimbursement.
 - Leslie Nichols pointed out that the superintendent's bill adjusted for size in each student need category, and that the discussion at the time was the cost of living wasn't perfect, but that changing everything at once was a big lift. The

compromise was limiting it to 5% of funding overall was the strategy. Leslie Nichols also noted that there was conversation on increasing the overall base which this task force has not discussed, and that the weights are smaller which was partly due to overall base increase for every child.

- Kathy Gebhardt asked how the group is dealing with special education considering how much of it comes out of categorical, and what the group's recommendation is going to be.
- Nick Stellitano noted that HB 18-1232 would have increased total program funding by about \$1.5 billion.

Adequacy Process Update

- Amy Carman shared that the request for information (RFI) closed on Friday and that CDE received 4 responses from vendors.
- Amy Carman shared that costs have ranged from \$100,000 for a “bare-bones” approach up to \$1.5 million, and only 1 vendor shared that they could accomplish anything for \$100,000.
- Amy noted that half of the organizations had concerns over two organizations completing the studies, which is a statutory requirement.
- Nick asked if any task force members would propose a recommendation from the task force for the legislature around the amount of funding for the adequacy study.
 - Lisa Weil recommends that in order to have a adequacy study that meets the intent of the legislature asks, that there be a supplemental appropriations for the purpose of providing adequate funding for the adequacy study
 - Chuck Carpenter asked a clarifying question as to what Lisa Weil envisions as a task force recommendation.
 - Nick Stellitano restated Lisa Weil's proposal.
 - The motion was seconded by Leslie Nichols.
 - Nicholas Stellitano opened up the motion for discussion.
 - Alex Magana asked if completing the adequacy study is highly essential for the task force's final recommendations
 - Nick Stellitano shared that this specific vote and recommendation does not inhibit the rest of the task force's work.
 - Kathy Gebhardt shared that the task force has done the work backwards but usually the adequacy study is done first.
 - Nick Stellitano moved to take a vote on the motion.
 - Sarah Siegel asked Nick Stellitano to repeat the motion before the task force.
 - Lisa Weil and Nick Stellitano aligned on the language of the motion:
 - “The Task Force recommends in order to commission the two adequacy studies that meet the intent of the legislature in commissioning such studies, that the legislature make a supplemental appropriation that addresses the responses from the RFI published in November 2023.”
 - Patrick Gibson asked if the language should mention 2 studies given that the statutory language specifies two studies by two consultants.
 - Chuck Carpenter shared that he is voting “yes” on this and that it should be two studies and that it is important that two studies get done, and that the work this task force is doing is meaningful and important over the next few weeks.
 - Jennifer Okes clarified that the task force only needs one appropriation to fund two studies
 - Brenda Dickhoner noted that she would be in favor of a cap on the appropriation.

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- Jennifer Okes shared a concern that right now, CDE can give a general overview of RFI responses but no specifics.
- Dan Snowberger asks if a more general statement on the adequacy studies is more appropriate.
- Nick Stellitano made revisions to the wording of the motion, and called for a vote by roll.
- **Motion: “The Task Force recommends in order to commission the two adequacy studies that meet the intent of the legislature in commissioning such studies, that the legislature make a supplemental appropriation that addresses the responses from the RFI published in November 2023.”**
- **The motion passes by a vote of 14 in favor, 2 opposed, and 1 absent.**
- Nick Stellitano reviewed Robert’s Rules for conducting business as a task force.
- Nick Stellitano reviewed the potential recommendation types that the task force could utilize.
- Chuck Carpenter thanked the task force members for their work and shared that he has been pleased that the task force has operated with a high level of civility.

Recommendation Development Review

- Ashley Robles reviewed the implementation of the district characteristics using a hypothetical district.
- Leslie Nichols asked how the 1/3, 1/3, 1/3 recommendations for size, sparsity, and remoteness related to the .25, .25, .5 amounts.
 - Ashley responded that these amounts are intended to weigh each district characteristic equally, (each 1/3), but this implementation was a starting point and can be changed.
 - Leslie replied that this implementation was not simple.

Scenarios Review & Discussion

- Nick Stellitano reviewed the summary outcomes from the task force member workbook, and visualized what the formula could look like under the scenarios and the impact of funding changes under each scenario.
 - Alex Magana shared that it was helpful to hear the understanding for the small rural loss of funding.
 - Alex Magana asked if CWIFT was added, and if there is an agreement on if the cost of living factor or CWIFT should be used?
 - Nick Stellitano confirmed that CWIFT was added, and that the decision will be made later.
 - CWIFT for teachers or all staff? Are we comfortable with including CWIFT?
 - Alex Magana asked CWIFT is for teachers or all staff.
 - Patrick Gibson confirmed that CWIFT was directed to teachers.
 - Alex Magana asked if the task force was comfortable using CWIFT.
 - Kathy Gebhardt has concerns that CWIFT does not measure the cost of doing business, cost of other employment and ultimately there are still some concerns around CWIFT.
 - Alex Magana asked if Nick Stellitano was referring to small rural districts.
 - Nick Stellitano responded that size was going to be the biggest question of the day, and reviewed impacts by size for each scenario.
- The task force took 10 minutes at 9:40 AM MST to review the workbook results.
- Nick Stellitano framed the discussion and the goals of the task force regarding the scenario review.

- Chuck Carpenter commented that he found it odd that a significant investment of 2-3 billion resulted in around a quarter of the districts losing money which he would not expect.
- Deborah Hendrix reported that her column for Scenario 1 was missing, but noted that it was not her ideal choice and scenario 1 and 2 were her least favorite given that it took money away from student needs.
- Kathy Gebhardt noted that regarding the comment on scenario 1 that “as long as we reach the most money it doesn't matter that some districts lose money”, Kathy does not believe the task force agreed to it and does not want that part of discussion moving forward.
- Sarah Swanson requested more emphasis on sparsity and remoteness, and requested a list of districts impacted by size and not sparsity and remoteness.
 - Nick Stellitano and Sarah Swanson discussed the weight of size versus sparsity versus remoteness.
- Nick Stellitano asked Patrick Gibson and Ashley Robles if sparsity and remoteness can overcome the impact of the current size factor.
 - Ashley Robles responded that the current size factor results in very high per pupil amounts, which makes it very difficult to adjust sparsity and remoteness to meet those notes.
- Riley Kitts agrees with Sarah Swanson and believes the task force is on the right track with Scenario 3, but prefers greater simplicity and more emphasis on sparsity and remoteness.
- Kermit Snyder did not follow all calculations, and expressed hesitancy for using CDE rural classifications.
 - Jennifer Okes noted that the rural definitions were created 10 years ago, and provided the link to the letter outlining the definition:
<https://www.cde.state.co.us/sites/default/files/documents/ruraledcouncil/download/ruraldefinitionletter12813.pdf>
- Lisa Weil agreed with Kermit Snyder and expressed a need to figure out the cost of doing business (economies of scale), and noted that district size is different than sparsity and remoteness.
- Brenda Dickhoner agreed with Riley on Scenario 3 as a launching point, but still has concerns over the small rural districts. Brenda wondered if weighting sparsity and remoteness more helps offset the losses for small rural districts. Brenda also wondered if there was another solution to compensate these districts, but ultimately Scenario 3 was so close to getting there and addressing the small rural districts losses was solvable.
- Carrie Zimmerman expressed concern over using the CWIFT, as it could further exacerbate the inequities between communities. She is in favor of the components in Scenario 3, but did still have concern over those districts losing funding. It appeared that districts that had less than 250 students typically had losses in funding. She mentioned that she likes the idea of increasing the base.
- Dan Snowberger did not see the value in CWIFT and would like CWIFT removed. He mentioned that he would also like sparsity and remoteness increased. Dan brought up the naturally small districts due to where they are located versus those that are small because of local choices. Dan highlighted the importance of regional partnership.
- Kathy Gebhardt asked if Task Force members could make a recommendation about increasing the base. Kathy also cautioned Task Force members about discussing consolidation, and mentioned that this needs to happen in the legislature.
- Deborah Hendrix agreed with increasing the base and needing to make a recommendation. She believes that this would equalize the additional resources the districts may need, and that the size factor needs to be eliminated. She lastly mentioned that consolidation is still a concern and needs to be considered for overall recommendation.

- Terry Croy Lewis mentioned the issues of consolidation and believes that these are conversations the Task Force needs to have. She also mentioned that Scenario 3 shows that something needs to be done for small rural districts. Consolidation is one of the solutions, but everyone agrees that something needs to be done for small rural districts.
- Leslie Nichols expressed concern about the student need factors, and expressed concern that the Task Force is working backwards for district characteristics. She asked Task Force members to consider what are the actual costs for small rural districts. She also expressed concern with using CWIFT data, and using sparsity as a district characteristic. Lastly, she mentioned that consolidation is not in the Task Force's charge and that there are protections for that.
- Riley Kitts asked facilitators about recommendations on the base, and how this could lead to the elimination of CWIFT, COL, or Size Factors in the formula.
 - Nick responded that the challenge with increasing base will impact all other districts, and will not address the issue with small rural districts. Nick summarized that the Task Force members want to ensure small districts are funded adequately, but Task Force members need to consider a special set of funding.
- Riley also asked about a hold harmless to address funding for small rural districts.
 - However, Nick asked Task Force members to consider what is adequate funding for small rural districts. He also asked if small districts need to be prioritized and to what extent.
- Alex Magaña asked Nick to provide more clarification around increasing the base and how that would not affect small rural areas.
 - Nick mentioned that it would benefit everyone, but under the current formula some small rural districts receive per pupils greater than \$20,000, and increasing the base by \$2,000, for example, may not address the overall gap for these districts.
- Sarah Swanson wanted to clarify that her comments were to try to simplify the formula, and she does not want to duplicate efforts and does want to drive funding to things that have actual costs.
- Lisa Weil wanted to highlight that the more the Task Force tries to address small rural areas, the less simple the formula may become. She highlighted the importance of economies of scale, and how Task Force members want the formula to be student-centered and simple, but Task Force members still need to account for the unique cost factors for small rural districts.
- Leslie Nichols questioned whether the factors make sense.
 - Sarah Swanson mentioned the sparsity factor and how district runs currently look. It appears that there is an overlap between school characteristics of size (very small) and remoteness and sparsity. Sarah asked to see more about size versus remoteness versus sparsity.
 - Leslie Nichols mentioned that she doesn't understand the policy thinking for sparsity. She believes that remoteness captures more, but sparsity does not get at what makes things more expensive.
- Dan Snowberger noticed that sparsity and remoteness districts are still losing, looks like it's from the remoteness and sparsity
- Leslie Nichols mentioned that she did not find CWIFT to be a good measure for Colorado, and that it does not capture the realities of her neighbors. Additionally, she mentioned that although she does not find the COL Factor to be perfect, it is still a good measure to keep in the school funding formula.
- Riley Kitts still finds the CWIFT to be a good measure, and was not in favor of completely throwing out CWIFT.
- Lisa Weil stated that CWIFT, COL, and personnel factors cannot all be thrown out from the formula, and highlighted that if CWIFT were to be removed that maybe it should be replaced with another factor.

- Marty Gutierrez agreed with previous Task Force members. He mentioned that he did not want to eliminate all factors, and that Task Force members agree that more funding for education is needed.

Recommendations Review/Refinement/Finalization

- Chuck Carpenter highlighted that there are many complexities and challenges and the need for more for analysis, especially regarding size, remoteness, and sparsity.
- Alex Magaña asked for clarification about how to consider proposals for CWIFT, COL and Size. He mentioned that there was some agreement that the Task Force include another factor
- Before reviewing the final recommendations, Nick Stellitano shared the progress done to date, reviewed the process for decision making, and the goals for this section.

Mill Levy Equalization

- Nick Stellitano shared the draft proposal/recommendation for securing equalization in mill levy.
- **Riley Kitts made a motion, but first updated the language to “Recommend the General Assembly continues to fully fund the existing MILL Levy Equalization Fund (as established in CRS 22-30.5-513.1.)”**
- **Dan Snowberger seconded motion.**
- **Discussion:**
 - Leslie Nichols wanted to add another sentence that states “Task Force recognizes that Mill Levy Equalization is critically important for all students in Colorado.”
 - Steven Bartholomew agrees with Leslie, however rather than putting in recommendation, maybe including the language as a resolution.
 - Kathy Gebhardt agrees with Leslie, and questioned the language in regards to the letter from the Governor to lower mill levy overrides.
 - Chuck responded that he did not see those items as related.
 - Terry Croy Lewis would like to address Leslie’s addition - philosophically agrees. However, there is another bill on MLE that districts have, and believes it is already confusing for the legislature. She doesn’t know if it should be a part of this.
 - Riley Kitts hears Terry, supports Leslie or Steven as stated, that the legislature continues to work on mill levy overrides.
 - Alex Magana finds that it is confusing as MLO does not apply to all students and wants to leave as the original statement.
 - Leslie Nichols prefers no subordinate motion.
 - Chuck Carpenter calls for a vote
 - **The motion passes by a vote of 12 in favor, and 5 opposed.**
- **Leslie Nichols makes a motion to make a recommendation: Recommend that the legislature continues to address Mill Levy Override Equalization for all students in Colorado.**
- **Kathy Gebhardt seconded the motion.**
- **Discussion:**
 - Alex Magana believes that the wording is important and the reasoning behind why the Task Force is pushing for this language.
 - Leslie Nichols clarifies that the formula is intended to bring equity to districts across the state, and when we allow districts to pass overrides, kids in those districts are funded more than kids in districts that cannot pass them. CSI is getting a fair thing which the Task Force supports, and she believes that all kids across the state deserve mill levy equalization.

- Chuck Carpenter asks about the impact of the bill on CSI schools where districts have no override.
 - Terry Croy Lewis clarifies that the bill has no impact.
- Kathy Gebhardt believes in power equalization for those districts where there is no MLO.
- Nick asks a clarifying question about what is being voted on here given that this is outside the scope of the task force.
 - Nick Stellitano and Chuck Carpenter clarify that this would be an official recommendation of the task force to be included in the report.
- Dan Snowberger agrees that this motion is outside of the scope of the Task Force, but agrees with the sentiment of Leslie Nichols.
- There was confusion as to why this is outside of the scope given other items that have been voted on.
- **The motion passes by a vote of 15 in favor, and 2 abstain.**

Student Need

- Nick Stellitano reviewed the draft proposals for student needs and opened the topic for discussion. Below is a summary of points highlighted by the Task Force.
 - Several Task Force members had questions regarding the proposals regarding SPED, including whether or not to include Tier A, Tier B, and Tier C, how much it would cost to adequately fund these students, and identification.
 - Some Task Force members also questioned the level o
 - Task Force members were also concerned about how the student needs proposals interact with the other proposals concerning cost of living or district characteristics.
 - There was also discussion regarding additional proposals such as a hold harmless or phase-in of the formula.
 - Some Task Force members mentioned that Gifted and Talented students should also be considered in these proposals.
- While discussing the student need proposals, Task Force members also discussed proposals regarding district characteristics, such as cost of living, size, sparsity, and remoteness. Below is a summary of points highlighted by the Task Force.
 - Task Force members were concerned with the level of funding for smaller, rural districts, and wondered if there was a way to address the funding for these districts. However, facilitators mentioned that there is difficulty targeting funding to these districts through just student characteristics, or sparsity and remoteness, and how funding will need to be addressed through size.
 - There was some discussion regarding incorporating size into student need weights.
 - Task Force members highlighted that the goal should be meeting the needs of all students, not necessarily ensuring 0% change or trying to solve a small rural problem.
 - To assist with the understanding of the small, rural funding issue, facilitators provided several graphs with district breakdowns by formula component.
 - Some Task Force members asked to view proposals with increased sparsity or remoteness weights.
 - Overall, Task Force members agree with moving the district characteristics to the end of the formula.
- Following the discussion of district characteristics, Nick Stellitano asked Task Force members to consider specific weights for each proposal.
 - Task Force members did not find consensus with the current proposals.
 - Task Force members discussed the weights and level of funding for At-Risk, and whether to be aspirational or be realistic.

- Task Force members also mentioned wanting to view the Superintendent's bill and incorporating items from the bill, such as an increase to the base and student need weights.
- Nick Stellitano mentioned that facilitators will work on developing additional models, but asked Task Force members to consider whether they want to go back to the multiplicative indexes, or incorporate different weights based on size, or keep district characteristics at the end. Generally, Task Force members did not want to revert to multiplicative indexes, but wanted additional proposals and models to review.

Cost of Living

- Nick Stellitano moved the conversation to discuss the cost of living factor proposals. Below is a summary of points made by the Task Force.
 - Nick Stellitano also mentioned removing CWIFT due to feedback from Task Force members.
 - Some Task Force members mentioned economies of scale and the need to address this in the formula.
 - There was a discussion of the baseline level of funding. Some Task Force members had questions about the minimum pupil count currently in the school funding formula.
 - Task Force members asked what other states do with regard to wage indices or cost of living. Facilitators encouraged Task Force members to recommend that the legislature fund an initiative to create a cost of doing business index.

Size Factor

- Nick Stellitano moved the conversation to discuss the size factor proposals. Below is a summary of points made by the Task Force.
- Nick Stellitano and Chuck Carpenter mentioned that size, sparsity, and remoteness is generally supported, but changes are needed to these proposals to address the small, rural funding issue.
- Some Task Force members had a question regarding incorporating student need weights based on size and if that would help or alleviate the current issue with small, rural districts.
 - Nick Stellitano clarified the tradeoffs of moving district characteristics up in the formula.
 - Nick and Alex discussed alternatives for moving size and other characteristics into different spots in the formula.

Process Plan & Review

- Nick Stellitano reviewed where we landed today and what we accomplished.

Next Steps & Closing

- Nick Stellitano covered the next steps for the Task Force, including reviewing the additional models and voting on additional proposals.
- Chuck Carpenter thanked task force members for their work reviewing materials and participating in discussions, and noted that there is only 1 week between this meeting and the next Task Force meeting.
- Nick Stellitano adjourned the meeting at 12:57 PM MST.