



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated April 29, 2022)

Bill Topic: STATE MATCH FOR MILL LEVY OVERRIDE REVENUE

**Summary of
Fiscal Impact:** State Revenue TABOR Refund
 State Expenditure Local Government
 State Transfer Statutory Public Entity

The bill distributes state funds to eligible school districts to match local money raised through mill levy overrides according to a statutory formula. The bill increases state expenditures and local school district revenue on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires and contains a General Fund appropriation \$41,238 and a cash fund appropriation of \$20,000,000 million to the Colorado Department of Education from the Mill Levy Override Match Fund.

Fiscal Note Status: The fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under SB 22-202

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	General Fund	\$41,238	-
	Cash Fund	\$20,000,000	\$20,000,000
	Centrally Appropriated	\$8,091	-
	Total Expenditures	\$20,049,329	\$20,000,000
	Total FTE	0.5 FTE	-
Transfers	General Fund	(\$20,000,000)	-
	MLO Match Fund	\$20,000,000	-
	Total Transfers	\$0	-
Other Budget Impacts	General Fund Reserve	\$6,186	-

Summary of Legislation

Beginning in FY 2022-23, the bill directs the Colorado Department of Education (CDE) to distribute to each eligible school district and institute charter school an amount of state matching money for local money raised through mill levy overrides (MLOs). To determine the state match, the CDE must calculate following:

- a district's MLO maximum, equal to the number of mills required to generate:
 - 25 percent of the district's total program for urban and rural districts;
 - 30 percent of the district's total program for small rural districts; and
- a district's MLO capacity, defined as the number of mills the district may be expected to levy toward the district's MLO maximum, based on the district's median household income.

If a district's MLO capacity is less than its MLO maximum, the district is eligible to receive a state match. The CDE must calculate the state match for each eligible district and institute charter school as specified in the bill and distribute the state match from the newly created Mill Levy Override Match Fund.

In a fiscal year in which the General Assembly does not appropriate enough money to fully fund distributions for eligible districts, the distribution to each eligible district and institute charter school is prorated based on the amount appropriated.

Background

Under current law and with voter approval, school districts may levy additional mills above the total program mills specified in the school finance formula. These mills are known as mill levy overrides, and have been levied by some districts since FY 1996-97. Districts designated as urban or rural by the CDE are authorized to levy MLOs sufficient to generate 25 percent of their total program before the budget stabilization factor. Districts designated as small rural may levy MLOs sufficient to generate 30 percent. In FY 2021-22, 124 of 178 districts levied MLOs, generating an estimated \$1.4 billion, equivalent to 43 percent of the school finance local share. In FY 2021-22, four districts levied their MLO maximum amount.

Assumptions

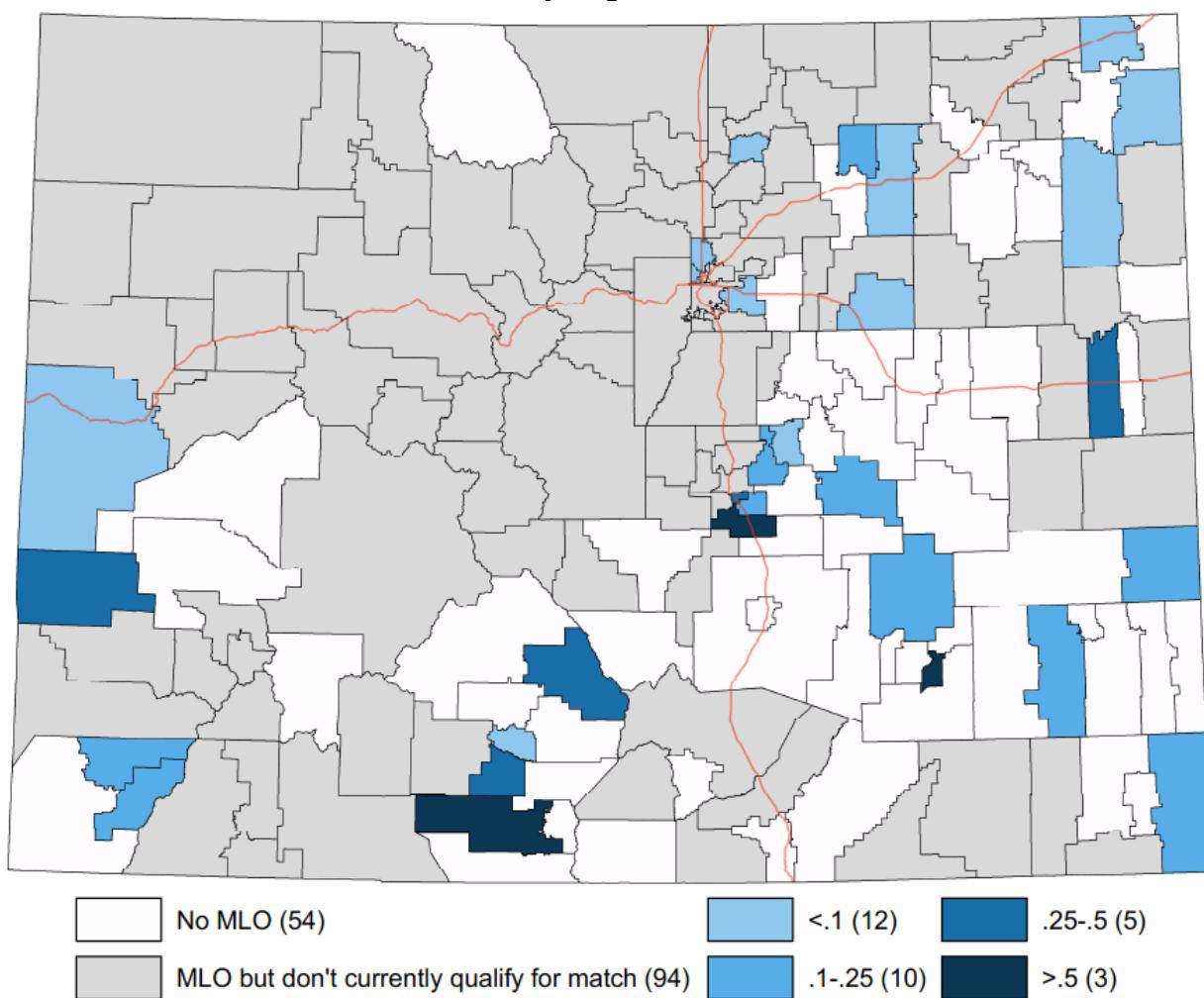
Colorado Association of School Executives (CASE) Model. This fiscal note assumes that the state match and district and institute charter school eligibility will be determined using a spreadsheet model, developed by CASE. The model depends on the following key structural assumptions:

- matching funds will not be provided for multidistrict online students in excess of 10 percent of the district's funded pupil count;
- district MLO maximum is defined as either 25 percent or 30 percent of the district's total program before the budget stabilization factor, depending on the category of district;
- district MLO capacity is defined as the district's relative ranking of median household income, normalized on the range of 15 to 35 mills;

- eligible districts are those whose MLO capacity is less than their MLO maximum;
- state support mills are the difference between MLO maximum and MLO capacity;
- district return on investment (ROI) equals support mills divided by MLO capacity;
- district state match equals MLO revenue scaled proportional to district ROI; and
- eligibility of and match amount for institute charter schools is determined by the school district in which they are geographically located.

Figure 1 shows a map of the 30 qualifying districts, and their return on investment for each 1 mill local MLO effort, with the \$20 million appropriation for matching funds contained in the bill.

Figure 1
Return on Investment from 1 Mill of Local MLO Effort
Currently Eligible Districts



Source: Map prepared by Legislative Council Staff.

State Transfers

The bill transfers \$20,000,000 from the General Fund to the Mill Levy Override Match Fund in FY 2022-23.

State Expenditures

In FY 2022-23 and thereafter, the bill increases state expenditures in the Colorado Department of Education by an estimated \$20.0 million. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under Senate Bill 22-202

	FY 2022-23	FY 2023-24
Department of Education		
Personal Services	\$34,363	-
Operating Expenses	\$675	-
Capital Outlay Costs	\$6,200	-
State MLO Match	\$20,000,000	\$20,000,000
Centrally Appropriated Costs ¹	\$8,091	-
Total Cost	\$20,049,239	\$20,000,000
Total FTE	0.5 FTE	-

¹ Centrally appropriated costs are not included in the bill's appropriation.

MLO state match. Using FY 2021-22 data and under the assumptions outlined above, the CASE model estimates that 30 districts with existing MLOs would be eligible for a state match. This bill contains a cash fund appropriation of \$20.0 million for state matching funds from the newly created Mill Levy Override Match Fund. Prorated district MLO matching amounts corresponding to the \$20 million appropriation appear in Appendix A.

If all districts enacted MLOs to the maximum allowable level, the model estimates that 72 districts would receive \$165.4 million in state matching funds.

Department of Education. CDE personnel will maintain and update the CASE model. District-level data to be maintained include funded pupil count, online pupil count, total program before the budget stabilization factor, online funding, assessed value, MLOs levied, and MLO revenue. CDE must also annually update district-level median household income information, available online. In FY 2022-23 only, 0.5 FTE is required to adapt the CASE model to a format accessible to school districts. The ongoing workload associated with maintaining the model can be accomplished within current appropriations, as the model is populated primarily with information that CDE already calculates in its normal course of business.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$6,186 in FY 2022-23, which will decrease the amount of General Fund available for other purposes.

School District

This bill provides a state match to 30 districts with existing MLOs totaling \$20.0 million, in FY-2022 23. Because the appropriation is less than the fully funded amount, district matches are scaled down proportionately. District level return on investment ratios and match amounts for the given appropriation are shown in Appendix A. If all eligible districts passed MLOs up to their maximum, the bill would provide a state match to 72 districts totaling an estimated \$165.4 million.

As discussed above, eligibility will be determined through use of the CASE model, and depends on district funded pupil count, online count, online funding, CSI count, total program before the budget stabilization factor, assessed value, a five-year average of district median household income, and district MLO effort. District eligibility and the amount of state match will be determined by formulas in the bill, and depend on a comparison of each district's MLO maximum effort and MLO capacity. The eligibility of and match amount for institute charter schools is determined by the eligibility and match amount of the school district in which they are geographically located. Match estimates are based on FY 2021-22 data, the latest actual data available.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2022-23, the bill requires and contains the following appropriations to the Colorado Department of Education:

- \$20,000,000 from the Mill Levy Override Match Fund; and
- \$41,238 from the General Fund, and an allocation of 0.5 FTE.

State and Local Government Contacts

Education
Joint Budget Committee Staff

Legislative Council Staff
School Districts

Appendix A
Current Eligibility, Return on Investment, and Estimated State Match, FY 2022-23
Assumes a \$20 Million Appropriation

County	District	Eligible for State Match	District Return on Investment	Total State Portion	Total State Match	Total State Match Per Pupil
ADAMS	MAPLETON	-	-	-	\$ -	\$ -
ADAMS	ADAMS 12 FIVE STAR	Yes	1.04	0.04	\$ 2,457,719	\$ 67.08
ADAMS	COMMERCE CITY	-	-	-	\$ -	\$ -
ADAMS	BRIGHTON	-	-	-	\$ -	\$ -
ADAMS	BENNETT	-	-	-	\$ -	\$ -
ADAMS	STRASBURG	-	-	-	\$ -	\$ -
ADAMS	WESTMINSTER	Yes	1.05	0.05	\$ 1,194,811	\$ 140.24
ALAMOSA	ALAMOSA	-	-	-	\$ -	\$ -
ALAMOSA	SANGRE DE CRISTO	-	-	-	\$ -	\$ -
ARAPAHOE	ENGLEWOOD	-	-	-	\$ -	\$ -
ARAPAHOE	SHERIDAN	-	-	-	\$ -	\$ -
ARAPAHOE	CHERRY CREEK	-	-	-	\$ -	\$ -
ARAPAHOE	LITTLETON	-	-	-	\$ -	\$ -
ARAPAHOE	DEER TRAIL	Yes	1.01	0.01	\$ 69	\$ 0.23
ARAPAHOE	AURORA	Yes	1.06	0.06	\$ 6,635,864	\$ 176.46
ARAPAHOE	BYERS	-	-	-	\$ -	\$ -
ARCHULETA	ARCHULETA	-	-	-	\$ -	\$ -
BACA	WALSH	Yes	1.11	0.11	\$ 19,623	\$ 127.84
BACA	PRITCHETT	-	-	-	\$ -	\$ -
BACA	SPRINGFIELD	-	-	-	\$ -	\$ -
BACA	VILAS	-	-	-	\$ -	\$ -
BACA	CAMPO	-	-	-	\$ -	\$ -
BENT	LAS ANIMAS	-	-	-	\$ -	\$ -
BENT	MCCLAVE	Yes	1.21	0.21	\$ 26,868	\$ 115.07
BOULDER	ST VRAIN	-	-	-	\$ -	\$ -
BOULDER	BOULDER	-	-	-	\$ -	\$ -
CHAFFEE	BUENA VISTA	-	-	-	\$ -	\$ -
CHAFFEE	SALIDA	-	-	-	\$ -	\$ -
CHEYENNE	KIT CARSON	-	-	-	\$ -	\$ -
CHEYENNE	CHEYENNE	-	-	-	\$ -	\$ -
CLEAR CREEK	CLEAR CREEK	-	-	-	\$ -	\$ -
CONEJOS	NORTH CONEJOS	Yes	2.00	1.00	\$ 190,085	\$ 179.90
CONEJOS	SANFORD	-	-	-	\$ -	\$ -
CONEJOS	SOUTH CONEJOS	-	-	-	\$ -	\$ -
COSTILLA	CENTENNIAL	-	-	-	\$ -	\$ -
COSTILLA	SIERRA GRANDE	-	-	-	\$ -	\$ -
CROWLEY	CROWLEY	Yes	1.12	0.12	\$ 38,872	\$ 90.61
CUSTER	WESTCLIFFE	-	-	-	\$ -	\$ -
DELTA	DELTA	-	-	-	\$ -	\$ -
DENVER	DENVER	-	-	-	\$ -	\$ -
DOLORES	DOLORES	-	-	-	\$ -	\$ -
DOUGLAS	DOUGLAS	-	-	-	\$ -	\$ -
EAGLE	EAGLE	-	-	-	\$ -	\$ -
ELBERT	ELIZABETH	-	-	-	\$ -	\$ -
ELBERT	KIOWA	-	-	-	\$ -	\$ -
ELBERT	BIG SANDY	-	-	-	\$ -	\$ -
ELBERT	ELBERT	-	-	-	\$ -	\$ -
ELBERT	AGATE	-	-	-	\$ -	\$ -
EL PASO	CALHAN	-	-	-	\$ -	\$ -
EL PASO	HARRISON	Yes	1.32	0.32	\$ 1,865,964	\$ 142.58
EL PASO	WIDEFIELD	Yes	1.14	0.14	\$ 570,563	\$ 61.53
EL PASO	FOUNTAIN	Yes	2.06	1.06	\$ 1,076,753	\$ 132.00
EL PASO	COLORADO SPRINGS	-	-	-	\$ -	\$ -
EL PASO	CHEYENNE MOUNTAIN	-	-	-	\$ -	\$ -

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County	District	Eligible for State Match	District Return on Investment	Total State Portion	Total State Match	Total State Match Per Pupil
EL PASO	MANITOU SPRINGS	-	-	-	\$ -	\$ -
EL PASO	ACADEMY	-	-	-	\$ -	\$ -
EL PASO	ELLICOTT	-	-	-	\$ -	\$ -
EL PASO	PEYTON	Yes	1.03	0.03	\$ 11,724	\$ 19.60
EL PASO	HANOVER	-	-	-	\$ -	\$ -
EL PASO	LEWIS-PALMER	-	-	-	\$ -	\$ -
EL PASO	FALCON	Yes	1.12	0.12	\$ 2,776,526	\$ 90.24
EL PASO	EDISON	-	-	-	\$ -	\$ -
EL PASO	MIAMI-YODER	Yes	1.14	0.14	\$ 4,178	\$ 14.11
FREMONT	CANON CITY	-	-	-	\$ -	\$ -
FREMONT	FLORENCE	-	-	-	\$ -	\$ -
FREMONT	COTOPAXI	-	-	-	\$ -	\$ -
GARFIELD	ROARING FORK	-	-	-	\$ -	\$ -
GARFIELD	RIFLE	-	-	-	\$ -	\$ -
GARFIELD	PARACHUTE	-	-	-	\$ -	\$ -
GILPIN	GILPIN	-	-	-	\$ -	\$ -
GRAND	WEST GRAND	-	-	-	\$ -	\$ -
GRAND	EAST GRAND	-	-	-	\$ -	\$ -
GUNNISON	GUNNISON	-	-	-	\$ -	\$ -
HINSDALE	HINSDALE	-	-	-	\$ -	\$ -
HUERFANO	HUERFANO	-	-	-	\$ -	\$ -
HUERFANO	LA VETA	-	-	-	\$ -	\$ -
JACKSON	NORTH PARK	-	-	-	\$ -	\$ -
JEFFERSON	JEFFERSON	-	-	-	\$ -	\$ -
KIOWA	EADS	-	-	-	\$ -	\$ -
KIOWA	PLAINVIEW	Yes	1.14	0.14	\$ 9,238	\$ 105.58
KIT CARSON	ARRIBA-FLAGLER	-	-	-	\$ -	\$ -
KIT CARSON	HI PLAINS	-	-	-	\$ -	\$ -
KIT CARSON	STRATTON	Yes	1.25	0.25	\$ 49,362	\$ 227.47
KIT CARSON	BETHUNE	-	-	-	\$ -	\$ -
KIT CARSON	BURLINGTON	-	-	-	\$ -	\$ -
LAKE	LAKE	-	-	-	\$ -	\$ -
LA PLATA	DURANGO	-	-	-	\$ -	\$ -
LA PLATA	BAYFIELD	-	-	-	\$ -	\$ -
LA PLATA	IGNACIO	-	-	-	\$ -	\$ -
LARIMER	POUDRE	-	-	-	\$ -	\$ -
LARIMER	THOMPSON	-	-	-	\$ -	\$ -
LARIMER	ESTES PARK	-	-	-	\$ -	\$ -
LAS ANIMAS	TRINIDAD	-	-	-	\$ -	\$ -
LAS ANIMAS	PRIMERO	-	-	-	\$ -	\$ -
LAS ANIMAS	HOEHNE	-	-	-	\$ -	\$ -
LAS ANIMAS	AGUILAR	-	-	-	\$ -	\$ -
LAS ANIMAS	BRANSON	-	-	-	\$ -	\$ -
LAS ANIMAS	KIM	-	-	-	\$ -	\$ -
LINCOLN	GENOA-HUGO	-	-	-	\$ -	\$ -
LINCOLN	LIMON	-	-	-	\$ -	\$ -
LINCOLN	KARVAL	-	-	-	\$ -	\$ -
LOGAN	VALLEY	-	-	-	\$ -	\$ -
LOGAN	FRENCHMAN	-	-	-	\$ -	\$ -
LOGAN	BUFFALO	-	-	-	\$ -	\$ -
LOGAN	PLATEAU	-	-	-	\$ -	\$ -
MESA	DEBEQUE	-	-	-	\$ -	\$ -
MESA	PLATEAU VALLEY	-	-	-	\$ -	\$ -
MESA	MESA VALLEY	Yes	1.03	0.03	\$ 404,141	\$ 19.20
MINERAL	CREEDE	-	-	-	\$ -	\$ -

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County	District	Eligible for State Match	District Return on Investment	Total State Portion	Total State Match	Total State Match Per Pupil
MOFFAT	MOFFAT	-	-	-	\$ -	\$ -
MONTEZUMA	MONTEZUMA	-	-	-	\$ -	\$ -
MONTEZUMA	DOLORES	Yes	1.14	0.14	\$ 55,948	\$ 82.25
MONTEZUMA	MANCOS	Yes	1.15	0.15	\$ 50,445	\$ 108.13
MONTROSE	MONTROSE	-	-	-	\$ -	\$ -
MONTROSE	WEST END	Yes	1.42	0.42	\$ 104,517	\$ 419.24
MORGAN	BRUSH	-	-	-	\$ -	\$ -
MORGAN	FT. MORGAN	Yes	1.05	0.05	\$ 29,996	\$ 8.97
MORGAN	WELDON	Yes	1.17	0.17	\$ 1,618	\$ 7.60
MORGAN	WIGGINS	-	-	-	\$ -	\$ -
OTERO	EAST OTERO	-	-	-	\$ -	\$ -
OTERO	ROCKY FORD	-	-	-	\$ -	\$ -
OTERO	MANZANOLA	-	-	-	\$ -	\$ -
OTERO	FOWLER	-	-	-	\$ -	\$ -
OTERO	CHERAW	-	-	-	\$ -	\$ -
OTERO	SWINK	Yes	1.63	0.63	\$ 9,604	\$ 29.89
OURAY	OURAY	-	-	-	\$ -	\$ -
OURAY	RIDGWAY	-	-	-	\$ -	\$ -
PARK	PLATTE CANYON	-	-	-	\$ -	\$ -
PARK	PARK	-	-	-	\$ -	\$ -
PHILLIPS	HOLYOKE	Yes	1.05	0.05	\$ 26,113	\$ 43.61
PHILLIPS	HAXTUN	-	-	-	\$ -	\$ -
PITKIN	ASPEN	-	-	-	\$ -	\$ -
PROWERS	GRANADA	-	-	-	\$ -	\$ -
PROWERS	LAMAR	-	-	-	\$ -	\$ -
PROWERS	HOLLY	-	-	-	\$ -	\$ -
PROWERS	WILEY	-	-	-	\$ -	\$ -
PUEBLO	PUEBLO CITY	-	-	-	\$ -	\$ -
PUEBLO	PUEBLO RURAL	-	-	-	\$ -	\$ -
RIO BLANCO	MEEKER	-	-	-	\$ -	\$ -
RIO BLANCO	RANGELY	-	-	-	\$ -	\$ -
RIO GRANDE	DEL NORTE	-	-	-	\$ -	\$ -
RIO GRANDE	MONTE VISTA	Yes	1.32	0.32	\$ 62,748	\$ 57.94
RIO GRANDE	SARGENT	Yes	1.02	0.02	\$ 1,512	\$ 4.31
ROUTT	HAYDEN	-	-	-	\$ -	\$ -
ROUTT	STEAMBOAT SPRINGS	-	-	-	\$ -	\$ -
ROUTT	SOUTH ROUTT	-	-	-	\$ -	\$ -
SAGUACHE	MOUNTAIN VALLEY	-	-	-	\$ -	\$ -
SAGUACHE	MOFFAT	Yes	1.36	0.36	\$ 85,095	\$ 379.04
SAGUACHE	CENTER	-	-	-	\$ -	\$ -
SAN JUAN	SILVERTON	-	-	-	\$ -	\$ -
SAN MIGUEL	TELLURIDE	-	-	-	\$ -	\$ -
SAN MIGUEL	NORWOOD	-	-	-	\$ -	\$ -
SEDGWICK	JULESBURG	-	-	-	\$ -	\$ -
SEDGWICK	PLATTE VALLEY	Yes	1.08	0.08	\$ 5,713	\$ 40.38
SUMMIT	SUMMIT	-	-	-	\$ -	\$ -
TELLER	CRIPPLE CREEK	-	-	-	\$ -	\$ -
TELLER	WOODLAND PARK	-	-	-	\$ -	\$ -
WASHINGTON	AKRON	-	-	-	\$ -	\$ -
WASHINGTON	ARICKAREE	-	-	-	\$ -	\$ -
WASHINGTON	OTIS	-	-	-	\$ -	\$ -
WASHINGTON	LONE STAR	-	-	-	\$ -	\$ -
WASHINGTON	WOODLIN	-	-	-	\$ -	\$ -
WELD	GILCREST	-	-	-	\$ -	\$ -
WELD	EATON	-	-	-	\$ -	\$ -

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County	District	Eligible for State Match	District Return on Investment	Total State Portion	Total State Match	Total State Match Per Pupil
WELD	KEENESBURG	-	-	-	\$ -	\$ -
WELD	WINDSOR	-	-	-	\$ -	\$ -
WELD	JOHNSTOWN	-	-	-	\$ -	\$ -
WELD	GREELEY	Yes	1.08	0.08	\$ 1,572,534	\$ 69.57
WELD	PLATTE VALLEY	-	-	-	\$ -	\$ -
WELD	FT. LUPTON	-	-	-	\$ -	\$ -
WELD	AULT-HIGHLAND	-	-	-	\$ -	\$ -
WELD	BRIGGSDALE	-	-	-	\$ -	\$ -
WELD	PRAIRIE	-	-	-	\$ -	\$ -
WELD	PAWNEE	-	-	-	\$ -	\$ -
YUMA	YUMA 1	Yes	1.07	0.07	\$ 79,939	\$ 94.12
YUMA	WRAY RD-2	-	-	-	\$ -	\$ -
YUMA	IDALIA RJ-3	-	-	-	\$ -	\$ -
YUMA	LIBERTY J-4	-	-	-	\$ -	\$ -
CSI	Multiple	Yes	NA	NA	\$ 581,859	\$ 30.90
STATE	TOTAL		30		\$ 20,000,000	

Source: Legislative Council Staff and Colorado Department of Education.