



Colorado Legislative Update & 2018 Session Newsletter

JANUARY 2018

LITTLETON PUBLIC SCHOOLS

Important Dates

January 10, 2018 *Day 1*
Legislature Convened

January 11, 2018
Governor Hickenlooper's
Final State of the State
Address

March 2018 Quarterly
State Revenue Forecast

May 9, 2018 *Day 120*
Legislature Adjourns

Helpful Information

Colorado General
Assembly Homepage
<http://leg.colorado.gov/>

Legislator Contact Info &
Find My Legislator
<http://leg.colorado.gov/find-my-legislator>

Watch & Listen Live
<http://leg.colorado.gov/watch-listen>

Committees of Reference
Meeting Schedule
<https://leg.colorado.gov/content/committees/committee-schedule>

Session Calendar
<https://leg.colorado.gov/session-schedule>

2018 State & Legislative Leadership

Executive Office

- Governor John Hickenlooper (D)
- Lieutenant Governor Donna Lynne (D)

House of Representatives

65 Members: 37 Democrats & 28 Republicans

- *Speaker:* Crisanta Duran (D, Denver) (term-limited)
- *Majority Leader:* KC Becker (D, Boulder)
- *Assistant Majority Leader:* Alec Garnett (D, Denver)
- *Minority Leader:* Patrick Neville (R, Castle Rock)

Senate

35 Members: 18 Republicans & 17 Democrats

- *President:* Kevin Grantham (R, Canon City)
- *President Pro Tempore:* Jerry Sonnenberg (R, Sterling)
- *Majority Leader:* Chris Holbert (R, Parker)
- *Minority Leader:* Lucia Guzman (D, Denver)

2018 Education Committees

House

13 Members: 7 Democrats & 6 Republicans

- *Chair:* Brittany Pettersen (D, Lakewood)
- *Vice Chair:* Janet Buckner (D, Aurora)
- *Dems:* Jeff Bridges (Centennial), Tony Exum Sr. (El Paso Co.), Alec Garnett (Boulder), Pete Lee (CO Springs), Barbara McLachlan (Durango)
- *GOP:* Justin Everett (Littleton), Tim Leonard (Evergreen), Paul Lundeen (Monument), Lang Sias (Arvada), Jim Wilson (Salida), Judy Reyeher (Pueblo)

Senate

7 Members: 4 Republicans & 4 Democrats

- *Chair:* Owen Hill (R, El Paso Co)
- *Vice Chair:* Kevin Priola (R, Adams Co)
- *GOP:* Bob Gardner (CO Springs), Tim Neville (JeffCo)
- *Dems:* Michael Merrifield (CO Springs), Nancy Todd (Aurora), Rachel Zenzinger (Arvada)

Election Facts & Figures

- Colorado's 2018 ballot includes all state executives, all seven congressional districts and one of two statewide senators.
- State legislative races include 17 of 35 seats in the Senate and all 65 seats in the House of Representatives.
- Colorado's Governor, Speaker of the House, and Senate President are all term-limited in 2018, therefore requiring new executive and legislative leaders appointments for the 2019 session.

2018 Term Limited Legislators

- *7 Senators:* Dems Lucia Guzman, Irene Aguilar, Cheri Jahn, Andy Kerr / GOP Kevin Lundberg, Kevin Lambert, President Kevin Grantham
- *5 Representatives:* Dems Dan Pabon, Dave Young, Pete Lee, Speaker Crisanta Duran, & Millie Hamner

Conflicting Priorities Likely for Colorado's 15 Legislator/Candidate Hybrids

- *Governor:* Lieutenant Governor Donna Lynn (D), Attorney General Cynthia Coffman (R), Treasurer Walker Stapleton (R), & CD2 Rep. Jared Polis (D)
- *Attorney General:* Rep. Joe Salazar (D, Denver)
- *Treasurer:* Reps. Justin Everett (R, Littleton), Polly Lawrence (R, DougCo), Steve Lebsock (D, Sterling), Kevin Lundberg (R, Loveland), & Dave Young (D, Greeley)
- *State Senator:* Reps. Jessie Danielson (D, Wheat Ridge), Paul Lundeen (R, Monument), Tim Neville (R, Castle Rock), Brittany Pettersen (D, Lakewood), Faith Winter (D, Broomfield),

Proposed Initiatives Aim to Increase State Taxes & Education Funding

On November 17th a series of 8 individual proposals, numbered 72 through 79, were formally submitted with the intention that one will succeed in qualifying as a ballot initiative that uniformly provides the opportunity for all Coloradans to cast their vote. 72 through 78 propose amend the state constitution. Number 79 is the only proposal in the group written to modify existing state statutes.

Each proposal was first submitted to the legislature for official review. 5 of the 8 proposals were approved by legislative staff and have subsequently been filed with the Secretary of State. Initiatives 72 through 79 were initially submitted for official review whereby the Legislative Council Staff and Legislative Legal Services jointly submit revisions to the original proposal language, issue formal comments, and identify necessary amendments,

At this time proposals 72, 77, and 78 have not sufficiently addressed the comments from legislative staff. Insufficient proposals must be revised and resubmitted until legislative staff has no further concerns and an absence of discussion marks the final review meeting needed. In contrast, the revisions to proposals 73, 74, 75, 76, and 79 were quickly deemed adequate and legislative staff concluded no further review was needed. On Nov. 27th these 5 initiatives were filed with the Secretary of State and are currently awaiting review by the Title Board'.

Each initiative features a slightly different combination of similarly worded changes in policy:

- Constitutional proposal would remove the provision in section 20 (8)(a) of article X of the Colorado constitution, commonly known as "TABOR", and would mandate that any income tax law change after July 1, 1992 requires all taxable net income to be taxed at the same rate.
- Statutory proposal, most notably, would create the Quality Public Education Account as an account within the State Ed Fund to receive all revenues collected through an income tax increment for public school funding and any other tax or source of funding dedicated to the account.

State Budget & Fiscal Issues

Joint Budget Committee Membership

- *Senators:* Kent Lambert (Chair, R), Kevin Lundberg (R), Dominick Moreno(D)
- *Representatives:* Millie Hamner (Vice-Chair, D), Dave Young (D), Bob Rankin (R)

Colorado's Overall Economy

The economy will continue to grow at a moderate and steady pace through 2019. The U.S. economy has strengthened in business performance, employment, and consumer spending. Colorado's economy is among the nation's strongest and boasts very low unemployment alongside rising incomes. Although Colorado has the lowest unemployment rate in the nation, tight labor market and housing market conditions are constraining the economic expansion and raising costs for individuals and businesses.

State Revenue & General Fund

After modest increases of just 1.7% in FY 2015-16 and 3.0% in FY 2016-17, General Fund revenue is forecast to increase at stronger rates of 8.1% in FY 2017-18 and 4.9% in FY 2018-19. Sales taxes and individual income taxes are rebounding in 2017 as the economy strengthens from the oil and gas downturn and moderate economic growth of 2015 and 2016. Further, corporate income tax revenue is expected to recover starting this fiscal year, albeit modestly, after declining since FY 2013-14.

The actual amount of revenue that's been collected the forecasted future revenues amounts dedicated to the Public Education Fund have been increased. Between the steady and slow improvements in Colorado's economy and changes made last year to postpone taxpayer refunds for the foreseeable future have largely shielded education from the variety of unexpected dips revenue experienced in prior years.

Governor Hickenlooper's Budget Request for fiscal year 2018-19

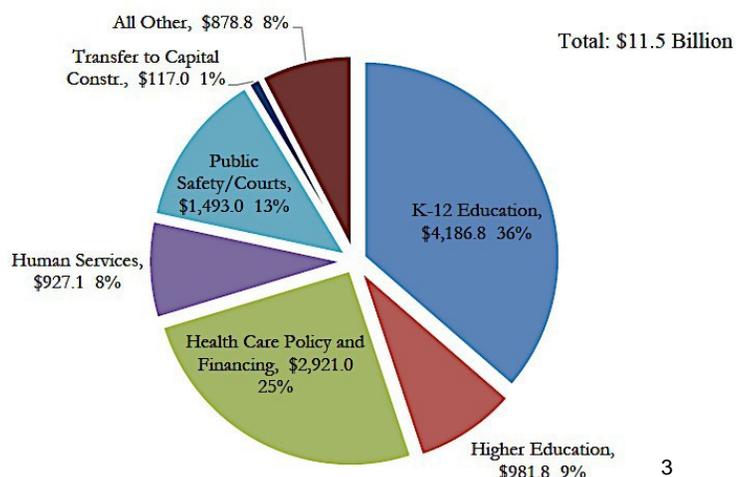
Governor Hickenlooper's budget request for FY18-19 highlights what he feels are Colorado's top priorities - K-12 and higher education and essential criminal justice system needs. Relative to FY17-18 appropriations, his request reflects a total budget of \$30.5 billion, which is an increase of just under \$1.09 billion or 3.7%.

** Information from the Office of State Planning & Budgeting (OSPB)*

Notable new allocations of General Fund in FY18-19 include:

- Department of Corrections: \$57.8 million (+7.5%)
- K-12 Education: \$84.6 million (+2.1%)
- Higher Education: \$86.9 million (+9.7%)
- Health Care Policy and Financing: \$98.2 million (+3.5%)
- Department of Human Services: \$60.2 million (+6.9%)
- Increase to the General Fund Reserve: \$154.6 million

FY 2018-19 General Fund Request (In Millions) and Percent of Total



2017 Legislative Interim Committees

Unless otherwise specified, all bills requested by interim study committees require official approval by Legislative Council, the 18-member legislative oversight committee for the Legislative Council staff, in order to qualify for introduction during the regular legislative session. On November 15th the Legislative Council reviewed each interim committee's bill proposals and formally approved a limited number of bills for introduction in 2018.

Please see below for the full list of Colorado's 2017 interim committees. All interim items of pertaining to education have been noted and described in further detail.

Legislative Interim Committee on School Finance

Additional information at <https://goo.gl/f5rHTD>

Regulatory Note – This committee is exempt from Legislative Council deadlines and review requirements

Bills - None proposed for the 2018 session

Early Childhood and School Readiness Legislative Commission

2017 Commission Report at <https://goo.gl/NnbACz>

Regulatory Note – This committee is exempt from Legislative Council deadlines and review requirements

Bill A – Align Early Childhood Quality Improvement Programs

Summary - Aligns application and eligibility requirements for Colorado's early childhood quality improvement programs. This includes the school readiness quality improvement program and the infant and toddler quality and availability grant program.

Bill B – Substitute Placement Agency Licensure

Summary - Creates a license type within DHS for a substitute placement agency to provide oversight to entities that place or facilitates placement of substitute child care providers in licensed child care facilities providing less than 24-hour care.

Bill C – Extend Repeal Early Childhood Legislative Commission

Summary – Extends for five additional years the independent statutory authority of the Early Childhood and School Readiness Legislative Commission to convene annually, introduce legislation, and establish commission-specific dates and deadlines.

Bill D - Use of Colorado Preschool Program Positions

Summary - Clarifies that if a school district chooses to use early childhood at-risk enhancement (ECARE) slots to enroll children in the district's full-day kindergarten program, children utilizing the ECARE slot must satisfy at least one of the eligibility requirements in the Colorado Preschool Program (CPP). The bill does not effect total funding to school districts but may shift how funds are allocated between kindergarten and preschool slots under the CPP.

Sales and Use Tax Simplification Task Force

Additional information at <https://leg.colorado.gov/node/1101631/>

Bill A - Department of Revenue (DoR) Issue Sales Tax Request for Information

Summary - Requires the DoR to issue a request for information for an electronic sales and use tax simplification system that the state or any local government that levies a sales or use tax, including a home rule municipality and county, could choose to use that would provide administrative simplification to the state and local sales and use tax system.

Sentencing in the Criminal Justice System Interim Study Committee

Additional information at <https://leg.colorado.gov/node/1098236/>

Bill C - Reauthorize Commission on Criminal & Juvenile Justice (CCJJ)

Summary - Current law repeals the Colorado CCJJ on July 1, 2018. The bill extends the repeal date to July 1, 2028.

Bill E - Commission on Criminal & Juvenile Justice (CCJJ) Criminal Sentencing Study

Summary - Directs the Colorado CCJJ to contract for a study of the most effective criminal sentencing practices available. The CCJJ must establish an advisory committee to review the study and make recommendations.

Opioid and Other Substance Use Disorders Interim Study Committee

Additional information at <http://leg.colorado.gov/node/1098166/>

Bill A - Prevention of Opioid Misuse

Summary - Specifies school-based health care center may apply for grants from the school-based health center grant program to expand behavioral health services to include treatment for opioid and other substance use disorders.

County Courthouse and County Jail Funding and Overcrowding Solutions Interim Study Committee

Additional information at <http://leg.colorado.gov/content/ijailfunding2017acommdocs>

Police Officers' and Firefighters' Pension Reform Commission

Additional information at <http://leg.colorado.gov/node/929951/>

Transportation Legislation Review Committee

Additional information at <http://leg.colorado.gov/node/929981/>

Treatment of Persons with Mental Health Disorders in the Criminal Justice System

Additional information at <http://leg.colorado.gov/node/929981/>

Water Resources Review Committee

Additional information at <http://leg.colorado.gov/content/iwrrc2017acommdocs#content-title-2>

Wildfire Matters Review Committee

Additional information at <http://leg.colorado.gov/content/iwrrc2017acommdocs#content-title-2>

Young and Beginning Farmers Interim Study Committee

Additional information at <http://leg.colorado.gov/committees/young-and-beginning-farmers-interim-study-committee/2017-regular-session>

Legislative Interim Committee Homepage - <http://leg.colorado.gov/content/committees>

Current Policy Conversations & Anticipated Legislative Issues

2017 Special Legislative Session was an Exercise in Futility

On October 1, 2017 Governor Hickenlooper called the General Assembly back to the Capitol for a special legislative session to address a drafting error in Senate Bill 17-267, which passed during the final days of the 2017 session. The unintended consequence of this drafting error has impacted a host of special district governments by inadvertently eliminating their ability to collect important marijuana tax revenue that allows them to provide critical services to Coloradans across the state. Special district sales taxes were levied on retail marijuana purchases prior to July 1, 2017 but because of the error these tax revenues have not been applicable since. The special districts impacted by this drafting error include the Regional Transportation District (RTD), the Scientific & Cultural Facilities District (SCFD), four Regional Transportation Authorities (Gunnison Valley, Pikes Peak, San Miguel Region, and Summit County), five Metro Districts (Aspen Park, Southwest Plaza, Bachelor Gulch, Edwards, and Two Rivers), and the Montezuma Hospital District.

Seeking to stem the loss of these revenues, Democrats in both chambers introduced House Bill 17B-1001 and Senate Bill 17B-001 that would have fixed the unintentional error. Ultimately both bills fell victim to partisan differences in the Senate Transportation Committee and were lost on a 3-2 party-line vote. The 2017 special session ended without agreement and no legislation was passed. The end of special session meant that the tax revenue losses for impacted special district governments would continue until the legislature convenes its next regular session in 2018.

Ongoing Risks to State Budget & Funding Adequacy

Last session's reclassification of the state's Hospital Provider Fee as a TABOR exempt enterprise has 'loosened' Colorado's notorious 'fiscal Gordian knot'. Key to this budgetary reprieve is the one-time reduction to the Referendum C limit by \$200 million, effectively delaying taxpayer refunds for at least the next three fiscal years.

Securing PERA's Future & Addressing its Substantial Unfunded Liability

The Public Employees Retirement Association's (PERA) growing unfunded liability, with the most concerning shortfall being in their school divisions, has triggered policy makers to contemplate legislative corrective measures. Already major credit rating agencies have promised to downgrade ratings across Colorado if the legislature fails this session to pass any changes aimed at stabilizing and strengthening PERA.

Over the past several months several key stakeholders, including the PERA Board, Governor John Hickenlooper, and State Treasurer Walker Stapleton, have released reports describing their very different plans for how to best stabilize the state's pension system. The positions and opinions of individual legislators within the same chamber and party continue to vary widely in these first weeks of session. The current lack of cohesion amongst legislators provides school districts with a unique opportunity to galvanize support around a more reasonable, data-driven, and collaborative proposal designed by Colorado's school district finance experts.

Discussion and negotiations regarding PERA's complex set of issues is guaranteed to consume the majority of legislators' attention over the next 120 days of session. Conversely, there is absolutely no guarantee that the 2018 general assembly will achieve the bipartisan compromise necessary to secure the number of votes required to introduce and pass legislation.

K12 Education Budget – Reviewing Colorado's School Finance & Funding Systems

Legislators have continued to debate how to best mitigate the wide disparities in funding levels currently experienced in school districts across Colorado. Many legislators remain interested in a proposal that would return the state to a uniform (statewide) tax rate for school finance property taxes such that each school district's total property tax revenues would be either less than the statewide tax rate or the tax rate necessary to fully fund the district's total program with local revenues.

Additionally, Colorado's superintendents have made a significant contribution to this issue by submitting a proposal for modifying the state's school funding formula that prioritizes funding for the highest need students and chronically underfunded critical programs. At this point in session no

solid outcome for modifying school funding and its many components has been solidified.

Education Savings Accounts (ESA's)

One or more bills are expected in 2018 for the purpose of establishing Education Savings Accounts in Colorado. 12 states already established Education Savings Accounts programs that operate in slightly different ways. Each state has utilized a standard definition for ESA's as a starting point for designing and implementing their own system that prioritizes needs unique to their state.

The standard definition for ESA's is written as follows:

Education Savings Accounts (ESAs) are private savings accounts funded by a deposit from the state government and managed by a parent. The deposit amount varies from state to state and is typically based on the state's per-pupil amount. After withdrawing their child from the public school system, parents use the funds to purchase specified educational services, such as tutoring, online courses or private school tuition. Most states restrict their programs primarily to students with a disability, although a few states include other student groups, such as students attending a low-performing school, or offer universal eligibility. State policy determines whether to restrict or allow access to religiously-affiliated schools.

Addressing Colorado's teacher shortages

Expect to see a number of bills that propose different plans for addressing the same fundamental elements necessary to mitigate the shrinking number of available qualified educators in Colorado. Viable solutions must include a plan to identify and provide state support to a variety of non-traditional teacher preparation and retention programs that have successfully mitigated teacher shortages in other states and regions in order to also successfully mitigate the shortages impacting all 178 school districts across Colorado which vary widely in terms of demographic and geographic composition.

Colorado's School and District Performance System

For the last several years legislators have discussed revisiting the opportunity included in the revised ESSA requirements that allows states to design and adopt a 5th performance indicator. Including a customizable additional measurement in a state's performance evaluation system geared around identifying one or more non-quantifiable ways that are considered critical within a school for ensuring student success can improve the accuracy of postsecondary and workforce readiness benchmarks.

Transportation Funding

The 2017 legislature increased allowable state bonding to generate revenue for transportation projects. Despite this modification, transportation issues across the state continue to exceed available funding. Discussions persist about referring a measure to Colorado voters to request a tax increase for road repairs and improvements.

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