BriefCASE is on hiatus this summer, but as policy conversations occur among lawmakers that could impact K-12, we want to be sure to keep you updated. With legislative interim committees working over the summer and into the fall, we expect to see recommendations that could move forward as bills in the 2020 session. We also anticipate that changes to TABOR will be a continued focus, certainly as a ballot question this November, but also possibly earlier if a special session of the Legislature is convened. CASE is tracking all this activity and will provide updates in the months ahead.

If you are joining us for the 50th Annual CASE Convention in just a few weeks, you’ll hear more about the topics below at our July 26 Legislative and Policy Issues General Session. Limited space is still available for that day; you can contact CASE at (303)762-8762 if you’d like to register.

As always, we appreciate your involvement in CASE! I hope you are having a relaxing and restful summer.

- Lisa Escárcega, CASE Executive Director

Interim Committees considering public education issues
Although the Legislature is adjourned until next January, there are seventeen interim committees are meeting over the summer, several of which are focusing on topics specific to K-12.

We are carefully monitoring the work of the following: Early Childhood and School Readiness Legislative Commission, Legislative Interim Committee on School Finance, Pension Review Commission, and the School Safety Committee (first meeting will be July 11).

The first meeting of the School Finance Interim Committee was June 26, and the committee heard presentations on how the school funding formula works, as well as the interplay and dynamics of revenue for public education. The committee voted unanimously to contract with the third-party vendor EdBuild, which has a tool that will enable members to consider possible changes to the school finance formula and see the projected outcomes and implications.

CASE will continue to meet with Committee Chair Representative Julie McCluskie (D) and Vice Chair Senator Paul Lundeen (R) to provide input on the work and possible recommendations that will emerge from the committee. We are able to offer a helpful historical perspective on past policy conversations related to school funding changes, which CASE has been actively involved in over the years. Currently, there is interest among its members in exploring potential changes to the Cost of Living and Size factors of the School Finance Formula.

Revenue forecast points to strong economy, TABOR refunds
June’s quarterly economic forecast indicates ongoing strong economic growth, and the longest period of economic expansion in U.S. history. Colorado Legislative Council told the Joint Budget Committee (JBC) in their presentation that it’s highly likely taxpayers will see a TABOR refund when they file their taxes next spring, a new development since the March economic forecast. At this point, Legislative Council projects that the state will be $575 million above the TABOR cap, which would trigger sales tax refunds and income tax reductions. Colorado has not experienced refunds under TABOR since 2015, and this will surely play into discussions about changes to TABOR (more on that below).
The outlook for the state’s general fund for fiscal year 2018-19 is very strong; budget analysts estimate a 10% reserve that is $303.3 million above the 7.25% reserve that is required in statute. The non-partisan Legislative Council cautioned JBC members that although current forecasts are optimistic, escalating trade conflicts pose a risk to the economy. Governor Polis’ Office of State Planning and Budget underscored this warning and noted that while general fund revenue is predicted to grow in 2018-19 by 7.1%, it will likely slow to 4.7% in the following year. In other words, lawmakers should not expect this rapid economic growth to continue in the long-term and TABOR limits the revenue the state can keep.

**Speaking of TABOR limits...**
Legislators are currently considering a draft bill that would call a special session of the Legislature to consider changes to revenue caps under TABOR. Democrats are proposing that the state be able to keep roughly $300 million for the current fiscal year in order to collect additional funds that are badly needed in the areas of transportation and education.

One option to facilitate the state keeping money over the TABOR limit is to amend Proposition CC during a special session. This measure was approved by the Legislature this past session (House Bills 1257 and 1258 sponsored by House Speaker KC Becker) and requires a November 2019 ballot question that if approved, would permanently remove spending caps under TABOR. The additional revenue would be split among higher education, K-12 education, and transportation.

Whether or not the Legislature will actually reconvene for a special session is uncertain at this point. House Republicans unanimously signed onto a letter to Governor Polis opposing a special session, and there is little Republican support for Proposition CC and any open-ended repeal of TABOR limits. There is some conversation about a compromise proposal that would instead impose a temporary time-out on TABOR coupled with income tax cuts, or possibly a 10 to 15-year suspension of TABOR rather than a permanent elimination.

Governor Polis is unlikely to call the Legislature back for a special session unless there appears to be enough support among lawmakers to amend Proposition CC, and we should have a clearer picture of that in the coming weeks.

**CASE is hitting the road this fall!**
We hope you’ll join us at one of five regional meetings we’ve scheduled around the state this fall. At every meeting, CASE will share a legislative update and also invite local area state legislators to attend to provide the opportunity for our members to network and build relationships with their representatives and senators. Watch for an announcement about dates and locations soon!