

**TCA Board Meeting
October 17, 2016**

Subject: Policy/Legislative Update

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2016 Election Update:

With early voting beginning today, we can finally begin to see the light at the end of the tunnel. Though what we will see on the other side remains anybody's guess. There is no other election year in history to compare this Presidential election year and many pundits are struggling to guess which voters will turn out - and what that will mean for ballot issues and down ticket races. The Colorado Senate Republicans are looking to maintain their one seat majority and have very tight seats up for grabs including SD 35, Senator Larry Crowder –R, Alamosa and SD 19 held by Senator Laura Woods-R, Jeffco. Both are highly coveted seats drawing unprecedented money from all over the country. Both SD 23, Vicki Marble-R (Ft. Collins) and SD 27, Jack Tate-R (Centennial) are also coveted seats seeing a large influx of last minute cash being thrown into 527s.

The House is still generally looked at by most pundits as staying safely in the hands of Dems moving into 2017. However, two House Republican candidates are giving the Dems a run for their money and could narrow the margin of Democratic control in the House if successful. Chris Hadsall, who is running for Max Tyler's seat in Lakewood, and Katy Brown running in Arapahoe County have seen money diverted from all other seats to hold the line on those seats.

State Budget Update:

There is an estimated \$329.6 million revenue shortfall anticipated for the FY 2016-17. There is much talk about an attempt to transfer the hospital provider fee into an enterprise fund again to exempt dollars from the TABOR revenue limit – an issue that will undoubtedly be a front and center issue for the legislature to wrangle, however, since revenue shortages are expected in FY 2017-18 and FY2018-19, the issue may not take up as much oxygen as it has in the past.

- ***FY 2015-16.*** Based on preliminary data, the General Fund came in \$70.2 million higher than expected in FY 2015-16 with \$9.5 million more than was budgeted to be spent and saved in the reserve. Revenue fell short of the Referendum C cap by \$26.7 million.
- ***FY 2016-17.*** The General Fund is expected to end FY 2016-17 with a reserve equal to 3.1 percent of appropriations, \$329.6 million lower than the budgeted 6.5 percent reserve. This shortfall is larger than expected in the June forecast because of lower expectations for sales and use tax revenue and increased expectations for the amount of General Fund revenue required during both FY 2015-16 and FY 2016-17 to address severance tax refunds pursuant to Senate Bill 16-218.
- Revenue subject to TABOR is expected to fall short of the Referendum C cap by \$209.4 million.

- **FY 2017-18 — Unbudgeted.** Assuming the \$329.6 million shortfall in FY 2016-17 is addressed by reducing the required reserve, revenue will fall short of the amount required to maintain the same level of appropriations in FY 2017-18 as is currently budgeted for FY 2016-17 by \$65.0 million, or 0.6 percent. This figure is net of full Senate Bill 09-228 transfers to the Highway Users Tax Fund and the Capital Construction Fund, and a TABOR refund obligation of \$82.3 million.
- A **TABOR refund** will not occur for tax year 2016, as state revenue fell short of the Referendum C cap in FY 2015-16. Revenue is also expected to fall short in FY 2016-17 before exceeding the cap in FY 2017-18 and FY 2018-19.

Education Hot Topics:

- **Student Data Privacy** - Student data privacy remains a concern, especially with members of the State Board of Education. This year, the state education department redacted thousands of data points from state tests results, citing a need to protect individual students from being identified.
- **Preschool Expulsions** – Preschool teachers are looking at how to address school discipline disparities. Rep. Susan Lontine, D-Denver has announced she intends to introduce legislation in the state legislature next year on the issue.
- **Mill Levy Equalization** - Senate Bills 16-187 and 16-188 were stand-alone bills that would have changed the laws regarding how school districts work with charter schools, including on the matter of sharing mill levy funding. These are highly anticipated to be back in the 2017 legislative session

Additional issues likely to resurface:

- Common Core
- Mandated civics testing before a student graduates
- Whistleblower Complaints
- A new commission to hear complaints against boards of education, BOCES and charter school boards
- Tax exemptions for telecommunication companies (impacts on local revenue)
- Changes to Colorado READ Act
- Tax credits for non-public education
- PARC?

A point of note on polling for ECE: Polling shows high support for ECE - The First Five Years Fund's released its newest [state poll in Colorado](#) showing that even in the midst of a divisive election year, voters are united in their support of quality early learning. According to the poll Eight out of 10 Colorado voters say ensuring children get a strong start in life through quality early childhood education is important to them—ranking this far ahead of fixing the immigration system, reducing the tax burden on families and providing low- or no-cost college. Note: Poll was conducted Public Opinion Strategies (R) and Hart Research (D) conducted a telephone survey of N=800 voters throughout the country on both landline and cell phones. The survey was conducted May 19-23, 2016 and has an overall margin of error of +/- 3.46%.