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Economic Development Council of Colorado

Why Should I Care About Gallagher?

Virtual Series

September 16, 2020



Welcome! Thank you for attending today's session.

While we wait for attendees to join, please introduce yourself in the chat section.

Include your:

- Name
- Org/company
- County you live/work in

Thank you!



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Stewart Meek

EDCC's Public Policy Chair & Economic
Development Specialist

City of Centennial



housekeeping items:

- All are muted for the general session for recording quality purposes.
- During breakout sessions please unmute yourself by clicking the icon in the lower left corner that looks like a microphone.
- Ask questions! Type them into the CHAT section at the bottom of your screen.
- Provide your name and email address along with your question for follow up after session.
- Send questions to kim.woodworth@EDCOnline.org if you have questions after today's session.
- Links to the recording, presentation, and follow up materials will be provided to today's attendees and located at <https://edconline.org/product/2020-drive-lead-succeed-webinar-series/> under "Why Should I Care About Gallagher"
- And finally, follow today's discussion on our social media outlets [@EDCofCO](#) [#DLS2020](#) [#EDCCEvents](#) and our guests [@DowntownColo](#), [@BetterColorado](#), [@coloradofiscal](#), [@Elizabeth_Fire](#), and [@ColoradoKidsOrg](#)



A statewide, membership based, industry association that supports economic development efforts across Colorado.

- Provide education, tools & resources, advocate for sound policy in support of economic development
- We are rural and urban, public and private-sector, for profit and not-for-profit, and include individual communities, counties and regional organizations, local and state government, chambers of commerce, universities and private industry.

Who is EDCC?



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**GALLAGHER
EDUCATION
MONTH**

September 2020

2nd @ 3:30pm - Gallagher Review

9th @ 8:30pm - Gallagher & Rural CO

16th @ 10:00am - Why Should I care About Gallagher?

22nd @ 4:00pm - Future of Taxes + Fiscal Health

30th @ 8:30am - Gallagher & Urban CO



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Katherine Correll

Executive Director
Downtown Colorado, Inc.

www.downtowncoloradoinc.org | [@DowntownColo](https://twitter.com/DowntownColo)



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Virtual Series V: Are Opportunity Zones still a Game Changer?

Our partners at OEDIT and special national, state, and local guests and investors

Oct. 21, 2020





Thursday Afternoon Club (TAC)

Oct. 1, 2020 | 3:30 p.m.

https://bit.ly/Oct_TAC



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Why Should I Care About Gallagher?

Virtual Series

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Reeves Brown

Project Coordinator
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Carol Hedges

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Colorado Fiscal Institute

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PRESENTED BY:



Gallagher and Fiscal Policy

Carol Hedges

Executive Director



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Risks to Putting Tax Policy in the Constitution

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- Changing Economic Conditions – recessions and pandemics
- Changing Structure of the Economy – long term shift to housing
- Changing desires of the electorate – fairness today is an issue, adequacy of investments more of a priority, small government/low taxes as the guiding principle is changing
- Changing service demands – more and better technology, higher priority for environmental conservation, more and different transportation alternatives

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Current Uncertainty Illustrates the Impact Change

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- State Revenue Collections – initial estimates over \$3b less in State Revenue from COVID-19
- Local Revenue Collections – Spring collections are way down, summer collections are stable in some places, fears of Fall/Winter collections declining
- Impact of COVID-19 on Establishing Market Values

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Less local revenue drives state allocations

- School allocation for FY 2021-22 is over a billion dollars below inflation costs since 2009
- Constitutional requirements limit how much lower they can go
- Demand for services for things other than schools affects how much we spend for schools too. General fund support for higher education and transportation as examples.
- When state and local revenue are down, it impacts the ability to provide all services and economic stability that comes from public spending

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Colorado Communities are Diverse; Uniform Constitutional Policies Create Unfair Outcomes

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- Variation in mix of Property within an area. Commercial v noncommercial -- range 37% to 68% of commercial value in homes
- Variation in value of property between areas – \$22b to \$47 million
- Constitution based rules bias the system in favor of areas that match state averages in change in value and distribution of types of property, i.e. larger population areas

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Services are Needed, Good Times and Bad

- Fluctuations in Assessed Value are caused by all kinds of things that may or may not reflect economic reality for individual communities
- Schools, health care and other services are needed in all times
- Need is increasing for services because of demand and cost yet Gallagher is lowering collections.

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Chief Tj Steck

Fire Chief

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Leslie Colwell

Vice President – K-12 Education Initiatives
Colorado Children's Campaign

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Gallagher's Impact on K-12 Education

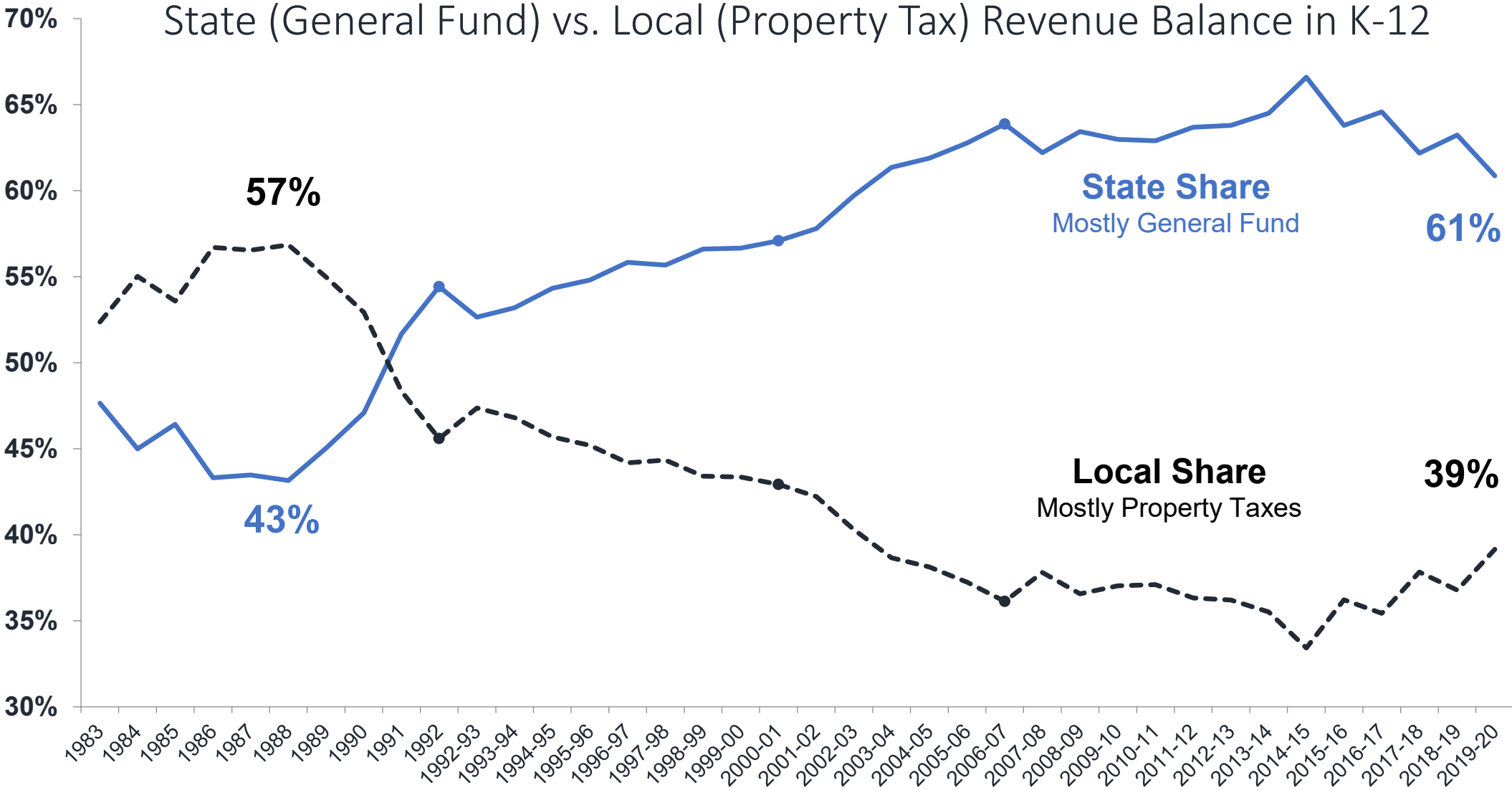
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COLORADO CHILDREN'S CAMPAIGN
Every Chance for Every Child



Gallagher's permanent RAR reductions are not sustainable.

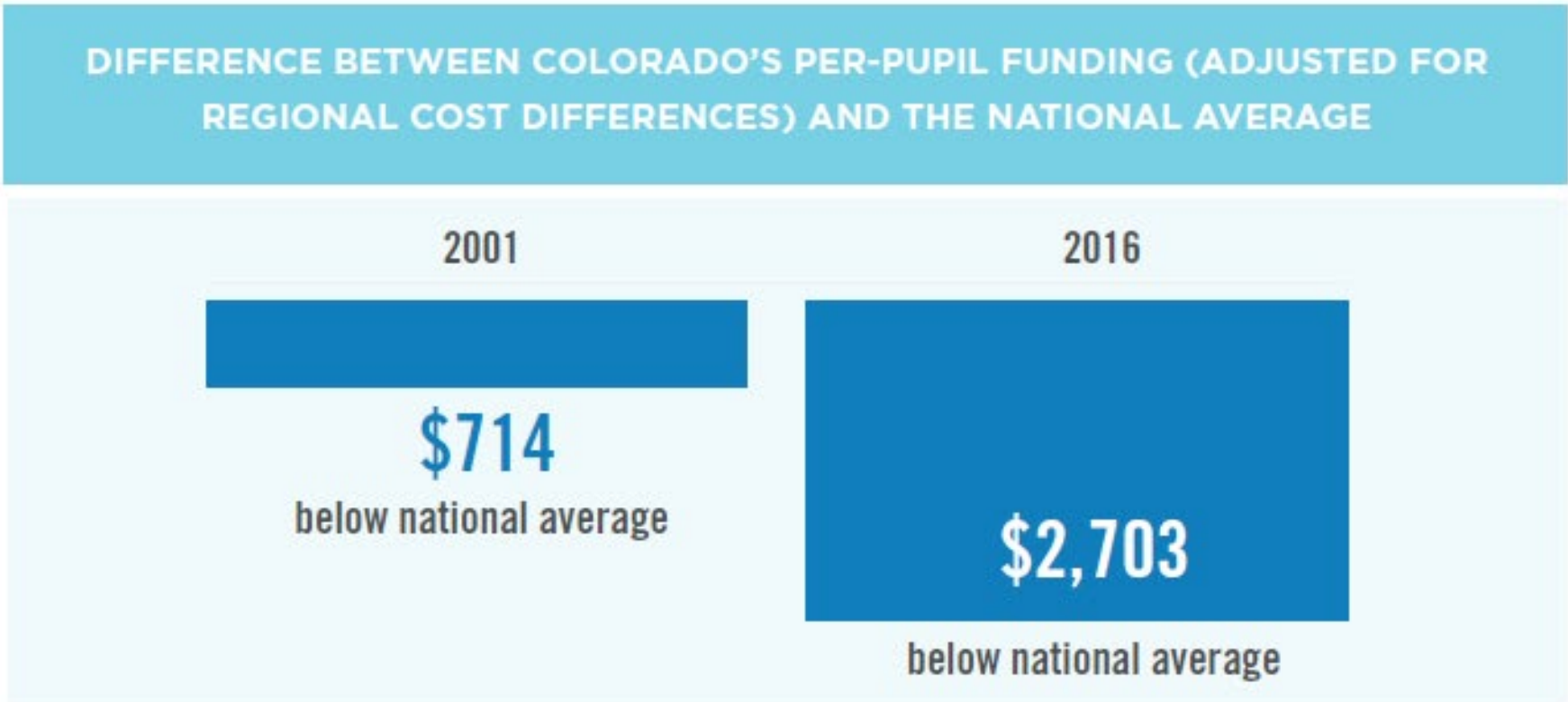


Source: Legislative Council Staff

Gallagher exacerbates an already dire school funding situation.

Statewide funding cuts to education since 2009: **\$9,302,576,848**

Although per-pupil funding in Colorado has seen modest increases each year since 2012, it continues to fall further behind the national average.



Source: National Center for Education Statistics.

Gallagher contributes to funding inequity between school districts.

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- Mill levy overrides (MLOs) generate additional funding and do not impact state funding a school district receives
- Districts increasingly rely on MLOs to make up for funding cuts, driven in part by Gallagher
 - \$580 million in MLOs statewide in 2009-10
 - \$1.4 billion+ in MLOs statewide in 2019-20 – but 52 school districts have *zero* additional dollars to offset cuts
- These local increases fall disproportionately on business

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Gallagher contributes to funding inequity between school districts.

35 Highest Property Wealth Districts

- 89% have passed an override.
- Average: \$2,362.69 per student from 3.219 mills.

35 Lowest Property Wealth Districts

- 49% have passed an override.
- Average: \$1,050.62 per student from 14.598 mills.

For low property wealth districts, their efforts equate to **44%** of the benefit at **5x** the cost

Questions?

Leslie Colwell

Vice President, Education Initiatives

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303-620-4534

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Follow up items

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- Links to the recording, presentation, outcomes and follow up materials will be provided to today's attendees and located at <https://edcconline.org/product/2020-drive-lead-succeed-webinar-series/> under Why Should I Care About Gallagher



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- Stay tuned as we roll out new series each month
- Next one, Oct. 21 @ 10 a.m.
- Thursday Afternoon Club (TAC), Oct. 1 at 3:30 p.m.
- Additional tools and resources at edcconline.org



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