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Dems unveil statewide plan to build schools

Earnings from an 1876 land gift would be tapped to help poorer districts replace run-down buildings.

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By Jennifer Brown

After touring rural schools with rotting roofs and moldy floors, a group of state leaders is proposing a nearly \$1 billion plan to bail out districts that can't afford to replace decrepit and unsafe buildings.

Top Democrats - led by House Speaker Andrew Romanoff and Senate President-elect Peter Groff - want to dip into a fund generated from the 3 million acres the federal government gave Colorado schoolkids in 1876.

They are proposing to take \$30 million to \$40 million each year for the next 20 years - about a third of the amount the fund generates in interest and lease payments. The state could increase the first year's allotment up to \$450 million by financing new school buildings through private investors, state Treasurer Cary Kennedy estimates.

The poorest school districts in Colorado could start construction next year, leading an unprecedented wave of school construction during the next five years, she said.

"We have students throughout Colorado who are attending school in buildings that are old and run-down and unsafe," Kennedy said. "Our proposal is to take this asset that belongs to the schoolchildren of Colorado and put it to its best use."

Under the plan - which is up for debate by the legislature in January - the state would take up to \$40 million from the nearly \$100 million the fund generates each year for two decades. The annual withdrawals would pay back the state's debts on school construction projects.

Finding the money

The proposal requires school districts to pitch in through local taxes, perhaps up to \$400 million. That would bring the total funding for immediate construction to about \$850 million.

"This is the most significant statewide investment in school construction in modern memory," said Romanoff, who visited schools from the San Luis Valley to the Eastern Plains last summer.

Romanoff and other lawmakers, who announced the proposal Sunday, initially talked of a November 2008 tax proposal for school buildings. They met for months to come up with this solution.

"This doesn't involve a tax increase," Romanoff said. "It doesn't touch the general fund."

The federal government granted about 3 million acres of land and 4 million acres of mineral rights to Colorado schoolchildren at statehood. The land - scattered throughout the state - has built up a \$500 million cash fund, which generates almost \$100 million each year from agricultural and commercial leases, mineral development and interest.

The revenue has nearly doubled in the past seven years because of Colorado's improving economy, Kennedy said.

Republicans, who weren't included in the proposal, were caught off-guard by Sunday's announcement.

Sen. Josh Penry, a Grand Junction Republican on the Senate Education Committee, said he is willing to look at "creative financing ideas like this one" if Democrats are willing to raise statewide graduation standards.

Penry has pushed bills in the past that would have rolled the interest and lease money Democrats want to spend into the school land trust, accelerating the fund's principal.

The proposal - backed by Gov. Bill Ritter and Democrats who control the legislature - is likely to pass.

Education advocacy groups praised the plan, though they pointed out Colorado schools need more like \$5 billion for new school buildings.

"We have gotten so far behind in this state," said Lisa Weil, policy director for Great Education Colorado. "I wish I could say that all the needs will be addressed by this amount of money."

Broad need for funds

The Donnell-Kay Foundation has estimated immediate health and safety needs at \$400 million. Modernizing classrooms statewide could cost between \$5.7 billion and \$10 billion, the foundation said.

Dozens of school districts, mainly in rural areas, do not have the local tax base to build even one new school.

It would cost Edison School in southern El Paso County at least \$2 million to build an elementary school, but by law, the most the impoverished community could raise in a bond issue is about \$610,550.

The legal limit is 20 percent of the district's total assessed property value.

The state gives extra money to smaller districts for classroom and operating costs, but when it comes to money for major building projects, local taxpayers are mostly on their own.

A promise of construction money for the poorest schools came in 2000 with the settlement of a lawsuit brought by six districts against Colorado for not holding up a constitutional promise of "thorough and uniform" education. The state agreed to pay \$190 million over 11 years from its general fund.

But many say the money is insufficient. About 70 percent of school districts that apply for grants are turned down.

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