

NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws. 2002



HOUSE BILL 02-1349

BY REPRESENTATIVE(S) King, Alexander, Borodkin, Chavez, Coleman, Crane, Dean, Fritz, Groff, Harvey, Hefley, Hoppe, Jahn, Kester, Lawrence, Lee, Mace, Romanoff, Schultheis, Scott, Sinclair, Spence, Stafford, Tapia, White, Williams S., and Williams T.;
also SENATOR(S) Thiebaut, Fitz-Gerald, Hernandez, Nichol, Pascoe, and Windels.

CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND MAKING AN APPROPRIATION THEREFOR.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 22-54-104.1, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-54-104.1. General fund appropriations requirements - maintenance of effort base - general fund appropriation for 2001-02 and 2002-03 fiscal years. (5) FOR THE 2002-03 STATE FISCAL YEAR, THE GENERAL ASSEMBLY SHALL APPROPRIATE FROM THE GENERAL FUND FOR TOTAL PROGRAM PURSUANT TO THE PROVISIONS OF THIS ARTICLE AN AMOUNT EQUAL TO THE MAINTENANCE OF EFFORT BASE PLUS AN AMOUNT EQUAL TO AT LEAST SEVEN AND THIRTY-NINE ONE-HUNDREDTHS PERCENT OF THE MAINTENANCE OF EFFORT BASE.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

SECTION 2. 22-54-103 (7) and (10) (a) (II), Colorado Revised Statutes, are amended, and the said 22-54-103 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

22-54-103. Definitions - repeal. As used in this article, unless the context otherwise requires:

(7) "Funded pupil count" means:

(a) FOR BUDGET YEARS COMMENCING PRIOR TO JULY 1, 2002, the greater of:

~~(a)~~ (I) The district's pupil enrollment for the applicable budget year;
or

~~(b)~~ (II) The average of the district's pupil enrollment for the applicable budget year and the district's pupil enrollment for the immediately preceding budget year; or

~~(c)~~ (III) The average of the district's pupil enrollment for the applicable budget year and the district's pupil enrollment for the two immediately preceding budget years; or

~~(d)~~ (IV) The average of the district's pupil enrollment for the applicable budget year and the district's pupil enrollment for the three immediately preceding budget years;

(b) (I) FOR BUDGET YEARS COMMENCING ON AND AFTER JULY 1, 2002, THE DISTRICT'S ON-LINE PUPIL ENROLLMENT FOR THE APPLICABLE BUDGET YEAR PLUS THE GREATER OF:

(A) THE DISTRICT'S PUPIL ENROLLMENT FOR THE APPLICABLE BUDGET YEAR; OR

(B) THE AVERAGE OF THE DISTRICT'S PUPIL ENROLLMENT FOR THE APPLICABLE BUDGET YEAR AND THE DISTRICT'S PUPIL ENROLLMENT FOR THE IMMEDIATELY PRECEDING BUDGET YEAR; OR

(C) THE AVERAGE OF THE DISTRICT'S PUPIL ENROLLMENT FOR THE APPLICABLE BUDGET YEAR AND THE DISTRICT'S PUPIL ENROLLMENT FOR THE

TWO IMMEDIATELY PRECEDING BUDGET YEARS; OR

(D) THE AVERAGE OF THE DISTRICT'S PUPIL ENROLLMENT FOR THE APPLICABLE BUDGET YEAR AND THE DISTRICT'S PUPIL ENROLLMENT FOR THE THREE IMMEDIATELY PRECEDING BUDGET YEARS.

(II) (A) FOR PURPOSES OF SUBPARAGRAPH (I) OF THIS PARAGRAPH (b), NOTWITHSTANDING ANY LAW TO THE CONTRARY, FOR ANY BUDGET YEAR COMMENCING PRIOR TO JULY 1, 2002, THE DISTRICT'S PUPIL ENROLLMENT FOR THAT BUDGET YEAR SHALL BE THE DISTRICT'S PUPIL ENROLLMENT, AS DEFINED BY PARAGRAPH (a) OF SUBSECTION (10) OF THIS SECTION AS IT EXISTED IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF THIS ACT, FOR THAT BUDGET YEAR.

(B) THIS SUBPARAGRAPH (II) IS REPEALED, EFFECTIVE JULY 1, 2005.

(8.5) "ON-LINE PUPIL ENROLLMENT" MEANS THE NUMBER OF PUPILS ENROLLED, ON OCTOBER 1 WITHIN THE APPLICABLE BUDGET YEAR OR THE SCHOOL DAY NEAREST SAID DATE, IN AN ON-LINE PROGRAM CREATED PURSUANT TO SECTION 22-33-104.6 BY THE DISTRICT OR BY A CHARTER SCHOOL CHARTERED BY THE DISTRICT, MINUS ANY SUCH PUPILS WHO WERE ENROLLED IN ANY SUCH ON-LINE PROGRAMS FOR THE 2001-02 SCHOOL YEAR.

(10) (a) (II) "Pupil enrollment" shall include a pupil who WAS ENROLLED DURING THE 2001-02 SCHOOL YEAR IN AN ON-LINE PROGRAM AUTHORIZED PURSUANT TO SECTION 22-33-104.6 AND WHO IS ENROLLED AND PARTICIPATES IN AN ANY SUCH ON-LINE PROGRAM ~~authorized pursuant to section 22-33-104.6~~ ON OCTOBER 1 WITHIN THE APPLICABLE BUDGET YEAR OR THE SCHOOL DAY NEAREST SAID DATE.

SECTION 3. 22-54-104 (2) (a) (III.7), (2) (a) (III.8), and (2) (a) (IV), Colorado Revised Statutes, are amended, and the said 22-54-104 (2) (a) is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBPARAGRAPHS, to read:

22-54-104. District total program - repeal. (2) (a) (III.7) Except as otherwise provided in this subsection (2), subsection (6) of this section, or section 22-54-104.3, a district's total program for the 2001-02 budget year ~~and budget years thereafter~~ shall be the greater of the following:

(A) (District per pupil funding x District funded pupil count) +

District at-risk funding; or

(B) \$5,100 x District funded pupil count.

~~(III.8) For the 2002-03 budget year and budget years thereafter, the dollar amount set forth in sub-subparagraph (B) of subparagraph (III.7) of this paragraph (a) shall be increased by the percentage by which the statewide base per pupil funding for the budget year is increased over the statewide base per pupil funding set forth for the 2001-02 budget year. Such amount shall be rounded to the nearest dollar.~~

(V) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION (2), SUBSECTION (6) OF THIS SECTION, OR SECTION 22-54-104.3, A DISTRICT'S TOTAL PROGRAM FOR THE 2002-03 BUDGET YEAR AND BUDGET YEARS THEREAFTER SHALL BE THE GREATER OF THE FOLLOWING:

(A) (DISTRICT PER PUPIL FUNDING X (DISTRICT FUNDED PUPIL COUNT - DISTRICT ON-LINE PUPIL ENROLLMENT)) + DISTRICT AT-RISK FUNDING + DISTRICT ON-LINE FUNDING; OR

(B) \$5,435 X DISTRICT FUNDED PUPIL COUNT.

(VI) FOR THE 2003-04 BUDGET YEAR AND BUDGET YEARS THEREAFTER, THE DOLLAR AMOUNT SET FORTH IN SUB-SUBPARAGRAPH (B) OF SUBPARAGRAPH (V) OF THIS PARAGRAPH (a) SHALL BE INCREASED BY THE PERCENTAGE BY WHICH THE STATEWIDE BASE PER PUPIL FUNDING FOR THE BUDGET YEAR IS INCREASED OVER THE STATEWIDE BASE PER PUPIL FUNDING SET FORTH FOR THE 2002-03 BUDGET YEAR. SUCH AMOUNT SHALL BE ROUNDED TO THE NEAREST DOLLAR.

~~(IV)-(A)~~ (a.5) (I) For the 1997-98 budget year, the dollar amount used in the formula established by subparagraph (III) of this paragraph (a) OF THIS SUBSECTION (2) shall be increased by the difference between the district's per pupil funding for the 1997-98 budget year and the district's per pupil funding for the 1996-97 budget year.

~~(B)~~ (II) For the 1998-99 budget year and budget years thereafter THROUGH THE 2001-02 BUDGET YEAR, the dollar amount to be used in the formula established by subparagraph (III) of this paragraph (a) OF THIS SUBSECTION (2) shall be increased over the dollar amount calculated for the immediately preceding budget year for each district by the difference

between the district's per pupil funding for the applicable budget year and the district's per pupil funding for the immediately preceding budget year.

~~(C)~~ (III) The provisions of this ~~subparagraph (IV)~~ PARAGRAPH (a.5) shall only apply to those districts whose total program for the 1996-97 budget year was calculated pursuant to sub-subparagraph (B) of subparagraph (III) of ~~this~~ paragraph (a) OF THIS SUBSECTION (2); except that, for the 1999-2000 budget year and budget years thereafter, any district whose total program has been calculated pursuant to this ~~subparagraph (IV)~~ PARAGRAPH (a.5) shall receive the total program amount calculated pursuant to this ~~subparagraph (IV)~~ PARAGRAPH (a.5) or the total program amount calculated pursuant to subparagraph (III.5) of ~~this~~ paragraph (a) OF THIS SUBSECTION (2), as adjusted pursuant to subparagraph (III.6) of ~~this~~ paragraph (a) OF THIS SUBSECTION (2), whichever is the greater amount.

~~(D)~~ (IV) For purposes of this ~~subparagraph (IV)~~ PARAGRAPH (a.5), a district's "per pupil funding" shall be the district's total program for the applicable budget year, as calculated pursuant to sub-subparagraph (A) of subparagraph (III) of ~~this~~ paragraph (a) OF THIS SUBSECTION (2), divided by the district's funded pupil count for such budget year; except that, for the 1998-99 budget year, a district's "per pupil funding" shall be calculated under this provision without regard to the change in the size factors made in subparagraph (I.2) of paragraph (b) of subsection (5) of this section, for the 1999-2000 budget year, shall be calculated using the cost of living factor and size factor used in the calculation for the 1998-99 budget year under this ~~sub-subparagraph (D)~~ SUBPARAGRAPH (IV) and the at-risk factor calculated under this section as it existed for the 1997-98 budget year or using the cost of living, size factor, and at-risk factor applicable for the budget year, whichever produces the lesser "per pupil funding" amount, and, for the 2000-01 budget year and budget years thereafter, shall be calculated using the size factor used in the calculation for the prior budget year or the size factor used in the calculation for the applicable budget year, whichever is less, and the at-risk factor calculated for the district using a base at-risk factor of eleven and one-half percent.

SECTION 4. 22-54-104, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-54-104. District total program - repeal. (4.5) A DISTRICT'S ON-LINE FUNDING SHALL BE DETERMINED IN ACCORDANCE WITH THE FOLLOWING FORMULAS:

(a) FOR THE 2002-03 BUDGET YEAR, THE FORMULA SHALL BE:

(\$5,435 X DISTRICT ON-LINE PUPIL ENROLLMENT)

(b) FOR THE 2003-04 BUDGET YEAR AND BUDGET YEARS THEREAFTER, THE FORMULA SHALL BE:

(\$5,435 AS ADJUSTED PURSUANT TO SUBPARAGRAPH (VI) OF PARAGRAPH (a) OF SUBSECTION (2) OF THIS SECTION X DISTRICT ON-LINE PUPIL ENROLLMENT)

SECTION 5. 22-54-104 (5) (a), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

22-54-104. District total program - repeal. (5) For purposes of the formulas used in this section:

(a) (IX) FOR THE 2002-03 BUDGET YEAR, THE STATEWIDE BASE PER PUPIL FUNDING SHALL BE \$4,202 SUPPLEMENTED BY \$239.51 TO ACCOUNT FOR INFLATION PLUS AN ADDITIONAL ONE PERCENTAGE POINT.

SECTION 6. 22-54-105 (1) (b) (I), (1) (b) (III), (2) (b) (I), and (2) (c), Colorado Revised Statutes, are amended, and the said 22-54-105 (2) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

22-54-105. Instructional supplies and materials - capital reserve and insurance reserve - at-risk funding - preschool funding - repeal.

(1) (b) (I) The amount to be budgeted in any budget year shall be the amount determined by multiplying one hundred thirty-four dollars by the district's funded pupil count MINUS THE DISTRICT'S ON-LINE PUPIL ENROLLMENT.

(III) (A) In addition to the amounts specified in subparagraphs (I) and (II) of this paragraph (b), the amount budgeted in the 2001-02 budget year shall be increased by the amount determined by multiplying twenty dollars by the district's funded pupil count as of October 1, 2001, and the amount budgeted in the 2002-03 budget year shall be increased by the amount determined by multiplying twenty-one dollars by the district's funded pupil count as of October 1, 2002, MINUS THE DISTRICT'S ON-LINE

PUPIL ENROLLMENT. The additional amount budgeted pursuant to this subparagraph (III) shall only be used to purchase new textbooks.

(B) Each district shall adopt at a public meeting a plan on the use of the additional moneys received pursuant to this subparagraph (III) including which schools shall receive what additional textbooks. The plan shall require that the moneys be used first to provide up-to-date textbooks in any of the first priority state model content standard subject areas of reading, writing, mathematics, science, history, or geography, with a priority given to the subjects of mathematics, reading, writing, and science. If the district makes a specific finding that all of its textbooks in those subjects are up-to-date, the plan may specify that the moneys shall be used to purchase textbooks in other subjects but shall specifically state the textbooks and the schools to which such textbooks shall be provided; except that the plan shall require that the district pass on to any charter school the amount budgeted pursuant to sub-subparagraph (A) of this subparagraph (III), for each student, WHO IS NOT AN ON-LINE PUPIL, enrolled in the charter school according to the funded pupil count. Copies of the proposed plan shall be distributed at least thirty days prior to the public meeting to all members of the school advisory council established pursuant to section 22-7-106 at all schools in the school district. On or before October 15, 2001, and on or before July 15, 2002, the district school board, as part of its regular budget reporting, shall forward a copy of the plan to the department.

(2) (b) (I) The amount to be budgeted in any budget year shall be the amount determined by multiplying two hundred sixteen dollars by the district's funded pupil count MINUS THE DISTRICT'S ON-LINE PUPIL ENROLLMENT. Such amount shall be the minimum required to be budgeted, and the district may elect to budget up to eight hundred dollars multiplied by the district's funded pupil count MINUS THE DISTRICT'S ON-LINE PUPIL ENROLLMENT.

(c) For the 1999-2000 budget year and any budget year thereafter, if a district has moneys in its capital reserve fund equal to or in excess of five times the minimum dollar amount required to be budgeted per pupil pursuant to paragraph (b) of this subsection (2) multiplied by the district's funded pupil count MINUS THE DISTRICT'S ON-LINE PUPIL ENROLLMENT for the applicable budget year, the board of education of the district may determine whether to budget the minimum dollar amount per pupil required by this subsection (2) in that budget year, budget a lesser amount, or budget

no amount at all. Such determination shall be made by the board of education on an annual basis based upon the capital outlay expenditure requirements of the district.

(d) NOTWITHSTANDING ANY PROVISIONS OF THIS SUBSECTION (2) TO THE CONTRARY, FOR THE 2002-03 BUDGET YEAR AND BUDGET YEARS THEREAFTER, ANY DISTRICT THAT RECEIVES AID IN ACCORDANCE WITH SECTION 22-54-125 SHALL BUDGET THE AMOUNT OF SUCH AID SO RECEIVED TO ITS CAPITAL RESERVE FUND. SAID AMOUNT SHALL NOT BE TRANSFERRED FROM THE CAPITAL RESERVE FUND TO ANY OTHER FUND OR ANY ACCOUNT WITHIN THE GENERAL FUND OF THE DISTRICT AND SHALL BE USED ONLY FOR LONG-RANGE CAPITAL OUTLAY EXPENDITURES IN ACCORDANCE WITH SECTION 22-45-103 (1) (c). THE AMOUNT OF AID BUDGETED TO A DISTRICT'S CAPITAL RESERVE FUND IN ACCORDANCE WITH THIS PARAGRAPH (d) SHALL NOT CONSTITUTE MONEYS IN THE CAPITAL RESERVE FUND FOR PURPOSES OF PARAGRAPH (c) OF THIS SUBSECTION (2).

SECTION 7. 22-54-112 (2), Colorado Revised Statutes, is amended to read:

22-54-112. Reports to the state board. (2) (a) On or before November 10 of each year, the secretary of the board of education of each district shall certify to the state board the pupil enrollment AND THE ON-LINE PUPIL ENROLLMENT of the district taken in the preceding October.

(b) ON OR BEFORE MARCH 10 OF EACH YEAR, THE SECRETARY OF THE BOARD OF EDUCATION OF EACH DISTRICT SEEKING AID FOR INCREASED ENROLLMENT PURSUANT TO SECTION 22-54-125 SHALL CERTIFY TO THE STATE BOARD THE SUPPLEMENTAL PUPIL ENROLLMENT OF THE DISTRICT, AS DEFINED IN SECTION 22-54-125 (5), TAKEN IN THE PRECEDING FEBRUARY.

SECTION 8. 22-54-122, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-54-122. Small attendance center aid. (4) IF A SCHOOL DISTRICT RECEIVES SMALL ATTENDANCE CENTER AID PURSUANT TO THIS SECTION FOR A SMALL ATTENDANCE CENTER THAT IS A CHARTER SCHOOL, THE SCHOOL DISTRICT SHALL FORWARD THE ENTIRE AMOUNT OF SUCH AID TO THE CHARTER SCHOOL FOR WHICH IT WAS RECEIVED.

SECTION 9. Article 54 of title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

22-54-125. Increasing enrollment district aid. (1) FOR THE 2002-03 BUDGET YEAR AND BUDGET YEARS THEREAFTER, A DISTRICT THAT CHOOSES TO CALCULATE ITS SUPPLEMENTAL PUPIL ENROLLMENT SHALL BE ELIGIBLE FOR AID PURSUANT TO THIS SECTION IF THE DISTRICT'S PUPIL ENROLLMENT FOR THE CURRENT BUDGET YEAR AND THE TWO PRECEDING BUDGET YEARS HAS INCREASED BY AN AVERAGE OF AT LEAST NINE PERCENT PER YEAR.

(2) A DISTRICT THAT MEETS THE ELIGIBILITY REQUIREMENTS OF SUBSECTION (1) OF THIS SECTION SHALL BE ELIGIBLE TO RECEIVE AID AS CALCULATED BY: COMPUTING A NUMBER EQUAL TO THE DIFFERENCE BETWEEN THE DISTRICT'S SUPPLEMENTAL PUPIL ENROLLMENT AND THE DISTRICT'S PUPIL ENROLLMENT MINUS A NUMBER EQUAL TO ONE PERCENT OF THE DISTRICT'S PUPIL ENROLLMENT OR FIFTY PUPILS, WHICHEVER IS LESS, MULTIPLIED BY AN AMOUNT EQUAL TO FIVE-TWELFTHS OF THE DISTRICT'S PER PUPIL OPERATING REVENUES.

(3) THE GENERAL ASSEMBLY SHALL APPROPRIATE ANNUALLY AN AMOUNT FOR INCREASING ENROLLMENT DISTRICT AID TO BE DISTRIBUTED PURSUANT TO THE FORMULA IN SUBSECTION (2) OF THIS SECTION. IN THE EVENT THE AMOUNT OF MONEY APPROPRIATED BY THE GENERAL ASSEMBLY IS LESS THAN THE AMOUNT OF AID AUTHORIZED BY THIS SECTION FOR ALL DISTRICTS, THE AMOUNT TO BE DISTRIBUTED TO EACH DISTRICT SHALL BE IN THE SAME PROPORTION AS THE AMOUNT THAT THE APPROPRIATION BEARS TO THE TOTAL AMOUNT OF AID FOR ALL DISTRICTS.

(4) ANY AID RECEIVED BY A DISTRICT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION SHALL BE BUDGETED TO THE DISTRICT'S CAPITAL RESERVE FUND IN ACCORDANCE WITH SECTION 22-54-105 (2) (d).

(5) FOR PURPOSES OF THIS SECTION, "SUPPLEMENTAL PUPIL ENROLLMENT" MEANS THE NUMBER OF PUPILS ENROLLED ON FEBRUARY 1 WITHIN THE APPLICABLE BUDGET YEAR OR THE SCHOOL DAY NEAREST SAID DATE, AS EVIDENCED BY THE ACTUAL ATTENDANCE OF SUCH PUPILS PRIOR TO SAID DATE, PLUS THE NUMBER OF PUPILS EXPELLED PRIOR TO FEBRUARY 1 WITHIN THE APPLICABLE BUDGET YEAR WHO ARE RECEIVING EDUCATIONAL SERVICES PURSUANT TO SECTION 22-33-203 AS OF FEBRUARY 1 OF THE APPLICABLE BUDGET YEAR. THE DEPARTMENT OF EDUCATION IS AUTHORIZED

TO ESTABLISH ALTERNATIVE DATES FOR DETERMINING PUPIL ENROLLMENT IN APPROPRIATE CIRCUMSTANCES, INCLUDING, BUT NOT LIMITED TO, WHEN SCHOOLS ARE ON A YEAR-ROUND SCHEDULE PURSUANT TO SECTION 22-32-109 (1) (n) AND PUPILS WILL BE ON AUTHORIZED BREAKS ON FEBRUARY 1 WITHIN THE APPLICABLE BUDGET YEAR; EXCEPT THAT SUCH ALTERNATIVE DATES SHALL BE SET NOT MORE THAN FORTY-FIVE CALENDAR DAYS AFTER THE FIRST SCHOOL DAY OCCURRING AFTER FEBRUARY 1.

SECTION 10. 22-28-104 (2) (d) (I), Colorado Revised Statutes, is amended, and the said 22-28-104 (2) (d) is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBPARAGRAPHS, to read:

22-28-104. Establishment of public preschool programs. (2) In recognition of the fact that there are thousands of children in Colorado not presently being served who would benefit from the state preschool program, the number of children that may participate in the state preschool program shall be increased:

(d) (I) To not more than 8,850 in the 1998-99 budget year, to not more than 9,050 in the 1999-2000 and ~~2000-2001~~ 2000-01 budget years, ~~and~~ to not more than 10,050 in the 2001-02 budget year, AND TO NOT MORE THAN 11,050 IN THE 2002-03 BUDGET YEAR and budget years thereafter.

(III.1) FOR THE 2002-03 BUDGET YEAR AND BUDGET YEARS THEREAFTER, THE DEPARTMENT SHALL ALLOW SCHOOL DISTRICTS TO APPLY TO THE DEPARTMENT FOR AUTHORIZATION TO SERVE NO MORE THAN ONE THOUSAND FIVE HUNDRED ELIGIBLE CHILDREN THROUGH A FULL-DAY KINDERGARTEN COMPONENT OF THE DISTRICT'S PRESCHOOL PROGRAM. THE DEPARTMENT, USING ESTABLISHED CRITERIA, SHALL SELECT SCHOOL DISTRICTS TO PARTICIPATE IN SUCH FULL-DAY KINDERGARTEN PROGRAMS UNTIL THE TOTAL NUMBER OF FULL-DAY KINDERGARTEN POSITIONS APPLIED FOR HAS BEEN FILLED OR THE LIMITATION OF ONE THOUSAND FIVE HUNDRED CHILDREN HAS BEEN REACHED, WHICHEVER EVENT OCCURS FIRST. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, NO WAIVERS SHALL BE GRANTED BY THE DEPARTMENT THAT WOULD ALLOW MORE THAN ONE THOUSAND FIVE HUNDRED FULL-DAY KINDERGARTEN CHILDREN.

(III.2) NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, SCHOOL DISTRICTS THAT DID NOT HAVE ANY CHILDREN PARTICIPATE IN THE STATE PRESCHOOL PROGRAM DURING THE 2001-02 BUDGET YEAR SHALL BE GIVEN THE FIRST OPPORTUNITY TO HAVE UP TO ONE THOUSAND CHILDREN

PARTICIPATE IN THE STATE PRESCHOOL PROGRAM DURING THE 2002-03 BUDGET YEAR, WITH THE DEPARTMENT GIVING PRIORITY TO SCHOOL DISTRICTS THAT HAVE BEEN WAITING TO PARTICIPATE IN THE STATE PRESCHOOL PROGRAM FOR THE LONGEST PERIOD. IF SUCH SCHOOL DISTRICTS DO NOT USE ALL ONE THOUSAND POSITIONS, ANY REMAINING UNUSED POSITIONS SHALL BE ALLOWED TO ANY OTHER SCHOOL DISTRICTS THAT ARE PARTICIPATING IN THE STATE PRESCHOOL PROGRAM DURING THE 2002-03 BUDGET YEAR.

(III.3) IF A SCHOOL DISTRICT THAT PARTICIPATES IN THE STATE PRESCHOOL PROGRAM DOES NOT ENROLL THE MAXIMUM NUMBER OF PUPILS ALLOWED TO PARTICIPATE IN THAT SCHOOL DISTRICT'S PRESCHOOL PROGRAM AS ESTABLISHED BY THE DEPARTMENT IN ACCORDANCE WITH SECTION 22-28-107 (3), THE SCHOOL DISTRICT SHALL IMMEDIATELY NOTIFY THE DEPARTMENT OF THE NUMBER OF UNUSED POSITIONS. ANY SCHOOL DISTRICT PARTICIPATING IN THE STATE PRESCHOOL PROGRAM THAT HAS SUCH UNUSED POSITIONS IN ANY GIVEN BUDGET YEAR IS PROHIBITED FROM TRANSFERRING TO ANOTHER SCHOOL DISTRICT ANY OR ALL OF SUCH UNUSED POSITIONS, REGARDLESS OF WHETHER SUCH UNUSED POSITIONS ARE TRANSFERRED IN EXCHANGE FOR MONETARY OR ANY OTHER FORM OF CONSIDERATION.

SECTION 11. 22-28-104 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

22-28-104. Establishment of public preschool programs.

(1) There is hereby established a state preschool program, which shall be implemented in school districts beginning in January of 1989. The purposes of the program are:

(a.5) FOR THE 2002-03 SCHOOL YEAR AND EACH SCHOOL YEAR THEREAFTER, TO ALSO SERVE THREE-YEAR-OLD CHILDREN WHO LACK OVERALL LEARNING READINESS DUE TO SIGNIFICANT FAMILY RISK FACTORS, WHO ARE IN NEED OF LANGUAGE DEVELOPMENT, OR WHO ARE RECEIVING SERVICES FROM THE STATE DEPARTMENT OF HUMAN SERVICES PURSUANT TO ARTICLE 5 OF TITLE 26, C.R.S., AS NEGLECTED OR DEPENDENT CHILDREN AND WHO WOULD BENEFIT FROM PARTICIPATION IN THE STATE PRESCHOOL PROGRAM;

SECTION 12. The introductory portion to 22-28-106 (1) (a) and 22-28-106 (1) (a) (I) and (1) (a) (II), Colorado Revised Statutes, are

amended to read:

22-28-106. Eligibility of children for participation in district program. (1) (a) The department shall establish, by rule, ~~and regulation,~~ criteria for each school district to use in determining which children in the district shall be eligible for participation in the district preschool program, subject to the following requirements:

(I) FOR EACH SCHOOL YEAR PRIOR TO THE 2002-03 SCHOOL YEAR, no child shall participate in the district preschool program unless he OR SHE is four or five years old and would be eligible to enroll in kindergarten in the following academic year. FOR THE 2002-03 SCHOOL YEAR AND EACH SCHOOL YEAR THEREAFTER, A CHILD WHO IS THREE, FOUR, OR FIVE YEARS OLD AND MEETS THE CRITERIA SPECIFIED IN SUBPARAGRAPHS (II) TO (IV) OF THIS PARAGRAPH (a) AND ANY OTHER CRITERIA ESTABLISHED BY RULE MAY PARTICIPATE IN THE DISTRICT PRESCHOOL PROGRAM.

(II) No child shall participate in the district preschool program unless such child lacks overall learning readiness due to significant family risk factors, is in need of language development, including but not limited to the ability to speak English, or is receiving services from the state department of human services pursuant to article 5 of title 26, C.R.S., as a neglected or dependent child; EXCEPT THAT NO CHILD WHO IS THREE YEARS OF AGE SHALL PARTICIPATE IN THE DISTRICT PRESCHOOL PROGRAM UNLESS SUCH CHILD LACKS OVERALL LEARNING READINESS THAT IS ATTRIBUTABLE TO AT LEAST THREE OF THE SIGNIFICANT FAMILY RISK FACTORS.

SECTION 13. 22-54-107.5 (1), (2), (3) (a), and (3) (b), Colorado Revised Statutes, are amended, and the said 22-54-107.5 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

22-54-107.5. Authorization of additional local revenues for supplemental cost of living adjustment. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (6) OF THIS SECTION, notwithstanding any law to the contrary, effective July 1, 2001, any district that desires to raise and expend local property tax revenues in excess of the district's total program, as determined in accordance with section 22-54-104, and in addition to any property tax revenues levied pursuant to sections 22-54-107 and 22-54-108, may submit the question of whether the district should be authorized to raise and expend additional local property tax revenues, subject to the

limitations of paragraph (a) of subsection (3) of this section, thereby authorizing an additional levy in excess of the levy authorized under sections 22-54-106, 22-54-107, and 22-54-108, to provide a supplemental cost of living adjustment for the district for the then current budget year and each budget year thereafter. The question authorized by this subsection (1) shall be submitted at an election held in accordance with section 20 of article X of the state constitution and title 1, C.R.S.

(2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (6) OF THIS SECTION, notwithstanding any law to the contrary, effective July 1, 2001, upon proper submittal to a district of a valid initiative petition, the district shall submit to the eligible electors of the district the question of whether the district should be authorized to raise and expend additional local property tax revenues in excess of the district's total program, as determined in accordance with section 22-54-104, and in addition to any property tax revenues levied pursuant to sections 22-54-107 and 22-54-108, subject to the limitations of paragraph (a) of subsection (3) of this section, thereby authorizing an additional levy in excess of the levy authorized under sections 22-54-106, 22-54-107, and 22-54-108, to provide a supplemental cost of living adjustment for the district for the then current budget year and each budget year thereafter. The question authorized by this subsection (2) shall be submitted at an election held in accordance with section 20 of article X of the state constitution and title 1, C.R.S. An initiative petition under this subsection (2) shall be signed by at least five percent of the eligible electors in the district at the time the petition is filed.

(3) (a) The maximum dollar amount of property tax revenue that a district can generate pursuant to this section for any given budget year shall not exceed the difference between what would be the district's total program for ~~that~~ THE 2001-02 budget year if calculated using the district's adjusted cost of living factor for ~~that~~ THE 2001-02 budget year and the district's total program for ~~that~~ THE 2001-02 budget year calculated pursuant to section 22-54-104.

(b) For purposes of determining a district's total program for ~~a given~~ THE 2001-02 budget year if calculated using the district's adjusted cost of living factor, "per pupil funding" under ~~section 22-54-104 (2) (a) (IV) (D)~~ SECTION 22-54-104 (2) (a.5) (IV) shall be calculated using the size factor used in the calculation for the prior budget year or the size factor used in the calculation for ~~the applicable~~ THE 2001-02 budget year, whichever is less, the cost of living factor for the prior budget year, and the at-risk factor

calculated for the district using a base at-risk factor of eleven and one-half percent.

(6) ON AND AFTER THE EFFECTIVE DATE OF THIS SUBSECTION (6), NO QUESTION SHALL BE SUBMITTED TO THE ELIGIBLE ELECTORS OF A DISTRICT PURSUANT TO SUBSECTION (1) OR (2) OF THIS SECTION.

SECTION 14. 22-54-108 (3) (b), Colorado Revised Statutes, is amended, and the said 22-54-108 (3) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

22-54-108. Authorization of additional local revenues.

(3) (b) (I) Whenever a district is granted the authority to raise and expend additional local property tax revenues, the specific dollar amount approved at the election, in addition to specific dollar amounts of additional local property tax revenues approved at previous elections under the provisions of former section 22-53-117, shall be the maximum that may be raised and expended under this article in addition to the district's total program. EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (b), the total additional local property tax revenues that may be authorized at elections held pursuant to this section shall not exceed under any circumstances twenty percent of the district's total program, as determined pursuant to section 22-54-104 (2), for the budget year in which the election at which the twenty percent limitation was reached or two hundred thousand dollars, whichever is greater.

(II) EFFECTIVE JULY 1, 2002, THE TOTAL ADDITIONAL LOCAL PROPERTY TAX REVENUES THAT MAY BE AUTHORIZED AT ELECTIONS HELD PURSUANT TO THIS SECTION SHALL NOT EXCEED UNDER ANY CIRCUMSTANCES TWENTY PERCENT OF THE DISTRICT'S TOTAL PROGRAM, AS DETERMINED PURSUANT TO SECTION 22-54-104 (2), FOR THE BUDGET YEAR IN WHICH THE ELECTION AT WHICH THE TWENTY PERCENT LIMITATION WAS REACHED OR TWO HUNDRED THOUSAND DOLLARS, WHICHEVER IS GREATER, PLUS AN AMOUNT EQUAL TO THE MAXIMUM DOLLAR AMOUNT OF PROPERTY TAX REVENUE THAT THE DISTRICT COULD HAVE GENERATED FOR THE 2001-02 BUDGET YEAR IF, IN ACCORDANCE WITH THE PROVISIONS OF SECTION 22-54-107.5, THE DISTRICT SUBMITTED A QUESTION TO AND RECEIVED APPROVAL OF THE ELIGIBLE ELECTORS OF THE DISTRICT AT AN ELECTION HELD IN NOVEMBER 2001.

(h) IN APPLYING THE LIMITATION IN SUBPARAGRAPH (II) OF

PARAGRAPH (b) OF THIS SUBSECTION (3) TO ELECTIONS HELD AFTER JULY 1, 2002, ANY ADDITIONAL LOCAL PROPERTY TAX REVENUES AUTHORIZED AT AN ELECTION HELD IN NOVEMBER 2001 UNDER THE PROVISIONS OF SECTION 22-54-107.5 SHALL BE COUNTED TOWARDS SUCH LIMITATION.

SECTION 15. Part 1 of article 2 of title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

22-2-122. Loan program for capital improvements in growth school districts - use of public school fund. (1) FOR PURPOSES OF THIS SECTION:

(a) "CAPITAL IMPROVEMENT" MEANS:

(I) THE ACQUISITION OR PURCHASE OF BUILDINGS OR GROUNDS;

(II) THE ENLARGEMENT, IMPROVEMENT, REMODELING, REPAIRING, OR MAKING OF ADDITIONS TO ANY SCHOOL BUILDING;

(III) THE CONSTRUCTION OR ERECTION OF SCHOOL BUILDINGS;

(IV) THE EQUIPPING OR FURNISHING OF ANY SCHOOL BUILDING, BUT ONLY IN CONJUNCTION WITH A CONSTRUCTION PROJECT FOR A NEW BUILDING OR FOR AN ADDITION TO AN EXISTING BUILDING OR IN CONJUNCTION WITH A PROJECT FOR SUBSTANTIAL REMODELING, IMPROVEMENT, OR REPAIR OF AN EXISTING BUILDING; OR

(V) THE IMPROVEMENT OF SCHOOL GROUNDS.

(b) "GROWTH DISTRICT" MEANS ANY DISTRICT WHOSE SUPPLEMENTAL PUPIL ENROLLMENT EXCEEDED THE DISTRICT'S PUPIL ENROLLMENT FOR THE MOST RECENTLY COMPLETED BUDGET YEAR BY A NUMBER GREATER THAN ONE PERCENT OF THE DISTRICT'S PUPIL ENROLLMENT FOR THAT BUDGET YEAR OR FIFTY PUPILS, WHICHEVER IS LESS.

(2) AS AUTHORIZED UNDER THE PROVISIONS OF SECTION 3 OF ARTICLE IX OF THE STATE CONSTITUTION, THE STATE TREASURER MAY MAKE LOANS TO GROWTH DISTRICTS FOR THE PURPOSE OF FUNDING CAPITAL IMPROVEMENTS. THE PROCEDURES FOR THE MAKING OF LOANS SHALL BE

DETERMINED BY THE STATE TREASURER SUBJECT TO THE FOLLOWING:

(a) NO LOAN SHALL BE AUTHORIZED FOR ANY CAPITAL IMPROVEMENT THAT HAS NOT BEEN APPROVED BY THE STATE BOARD IN ACCORDANCE WITH SUBSECTION (3) OF THIS SECTION.

(b) NO LOAN SHALL BE AUTHORIZED IN AN AMOUNT OTHER THAN THE AMOUNT DETERMINED BY THE STATE BOARD UNLESS THE STATE BOARD APPROVES THE CHANGE IN THE LOAN AMOUNT; EXCEPT THAT THE STATE BOARD SHALL NOT AUTHORIZE AN AMOUNT OF A LOAN FOR ANY GROWTH DISTRICT THAT EXCEEDS TEN PERCENT OF THE AMOUNT OF THE PUBLIC SCHOOL FUND THAT THE STATE TREASURER HAS DETERMINED MAY BE LOANED OUT IN ACCORDANCE WITH SUBSECTION (5) OF THIS SECTION.

(c) NO LOAN SHALL BE AUTHORIZED UNLESS THE DEBT IS APPROVED BY THE VOTERS OF THE GROWTH DISTRICT.

(d) NO LOAN SHALL BE AUTHORIZED UNLESS THE METHOD FOR REPAYMENT OF THE LOAN IS SPECIFIED IN THE APPLICATION. IF THE LOAN IS TO BE REPAID FROM A PROPERTY TAX MILL LEVY, SUCH LEVY MUST BE APPROVED AT THE SAME ELECTION THAT AUTHORIZED THE CREATION OF THE DEBT.

(e) THE LOAN SHALL BE MADE AS SOON AS POSSIBLE UPON APPROVAL OF THE LOAN BY THE STATE BOARD.

(3) (a) ON AND AFTER JANUARY 1, 2003, A GROWTH DISTRICT MAY APPLY TO THE STATE BOARD FOR A LOAN OF PUBLIC SCHOOL FUND MONEYS TO BE USED BY THE GROWTH DISTRICT TO PAY FOR ONE OR MORE CAPITAL IMPROVEMENTS. THE AMOUNT OF THE LOAN REQUESTED SHALL BE AN AMOUNT EQUAL TO THE FULL COST OF THE CAPITAL IMPROVEMENT OR A LESSER AMOUNT THAT IN COMBINATION WITH OTHER FINANCIAL RESOURCES OF THE GROWTH DISTRICT SHALL ALLOW THE CAPITAL IMPROVEMENT TO BE COMPLETED. THE LOAN APPLICATION SHALL BE IN A FORM PRESCRIBED BY THE STATE BOARD AND SHALL INCLUDE:

(I) A DESCRIPTION OF THE CAPITAL IMPROVEMENT FOR WHICH A LOAN IS SOUGHT AND A STATEMENT OF THE REASONS WHY THE CAPITAL IMPROVEMENT IS NECESSARY;

(II) A TIME LINE FOR COMPLETION OF THE CAPITAL IMPROVEMENT;

(III) A BUILDING PERMIT FOR THE CAPITAL IMPROVEMENT, IF APPLICABLE;

(IV) A STATEMENT OF THE AMOUNT OF THE LOAN REQUESTED TOGETHER WITH AN ESTIMATE OF THE COST OF THE CAPITAL IMPROVEMENT PREPARED BY A QUALIFIED BUILDER OR CONTRACTOR. IF THE AMOUNT OF THE LOAN REQUESTED DIFFERS FROM THE AMOUNT OF THE ESTIMATE OF THE COST OF THE CAPITAL IMPROVEMENT, THE GROWTH DISTRICT SHALL ALSO PROVIDE AN EXPLANATION FOR THE DIFFERENCE.

(V) A PLAN FOR REPAYING THE LOAN, INCLUDING A PROPOSED REPAYMENT SCHEDULE;

(VI) A STATEMENT OF THE AMOUNT OF MONEYS FROM OTHER SOURCES, IF ANY, THAT THE GROWTH DISTRICT INTENDS TO USE TO HELP DEFRAY THE COSTS OF THE CAPITAL IMPROVEMENT; AND

(VII) ANY ADDITIONAL INFORMATION THAT THE STATE BOARD MAY REASONABLY REQUIRE, BY RULES PROMULGATED IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S., TO HELP IT DETERMINE WHETHER OR NOT TO APPROVE THE LOAN APPLICATION.

(b) TO ENSURE THAT A GROWTH DISTRICT APPLYING FOR A LOAN CAN MOVE FORWARD WITH ANY CAPITAL IMPROVEMENTS QUICKLY OR DEVELOP ALTERNATIVE FINANCING STRATEGIES WITHOUT UNDUE DELAY, THE STATE BOARD SHALL APPROVE OR DISAPPROVE A LOAN APPLICATION NO LATER THAN FORTY-FIVE DAYS AFTER THE APPLICATION IS SUBMITTED. TO ENSURE THAT LOAN APPLICATIONS CAN BE PROCESSED EFFICIENTLY, THE STATE BOARD MAY DELEGATE THE AUTHORITY TO APPROVE LOAN APPLICATIONS TO A DESIGNATED EMPLOYEE OF THE DEPARTMENT. THE STATE BOARD OR ITS DESIGNEE SHALL CONSIDER ALL OF THE INFORMATION IN AN APPLICATION BEFORE APPROVING OR DISAPPROVING THE APPLICATION AND A GROWTH DISTRICT WHOSE LOAN APPLICATION IS DENIED SHALL HAVE NO RIGHT TO FURTHER REVIEW BY THE STATE BOARD OR ITS DESIGNEE.

(4) THE STATE BOARD SHALL ESTABLISH A REPAYMENT SCHEDULE THAT SHALL REQUIRE THE GROWTH DISTRICT TO MAKE MONTHLY PAYMENTS ON THE LOAN AND FULLY REPAY ALL MONEYS BORROWED WITHIN TEN YEARS AFTER THE DATE A LOAN IS MADE AVAILABLE PURSUANT TO SUBSECTION (2)

OF THIS SECTION.

(5) THE STATE TREASURER SHALL DETERMINE THE AMOUNT OF THE PUBLIC SCHOOL FUND THAT MAY BE LOANED OUT PURSUANT TO THIS SECTION AND THE RATE OF INTEREST TO BE CHARGED ON LOANS. THE STATE TREASURER SHALL CHARGE INTEREST ON LOANS MADE AT A RATE DESIGNED TO MATCH THE RATE OF INTEREST DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE PUBLIC SCHOOL FUND. PAYMENTS OF THE PRINCIPAL OF AND INTEREST ON ALL LOANS SHALL BE RETURNED TO THE FUND.

(6) THE GENERAL ASSEMBLY SHALL APPROPRIATE MONEY FROM THE GENERAL FUND TO RESTORE MONEYS TO THE PUBLIC SCHOOL FUND, TOGETHER WITH INTEREST, THAT ARE LOST BY REASON OF THE FAILURE OF ANY SCHOOL DISTRICT TO REPAY A LOAN MADE PURSUANT TO THIS SECTION.

SECTION 16. 23-15-103 (8) (a), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

23-15-103. Definitions. As used in this article, unless the context otherwise requires:

(8) (a) "Educational institution" means any governmental, quasi-governmental, or nonprofit educational institution operating in this state that:

(VIII) IS ANY PUBLIC SCHOOL DISTRICT THAT QUALIFIES AS A GROWTH DISTRICT, AS DEFINED IN SECTION 22-2-122 (1) (b), C.R.S.

SECTION 17. Article 32 of title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

22-32-131. Voter approval of repayment of loans for capital improvements made to a growth district. (1) THE BOARD OF EDUCATION OF A GROWTH DISTRICT, AS DEFINED IN SECTION 22-2-122 (1) (b), AT ANY REGULAR BIENNIAL SCHOOL ELECTION OR SPECIAL ELECTION, MAY SUBMIT TO THE ELIGIBLE ELECTORS OF THE GROWTH DISTRICT:

(a) THE QUESTION OF WHETHER THE GROWTH DISTRICT MAY REPAY ANY LOAN MADE PURSUANT TO SECTION 22-2-122 OVER A PERIOD EXCEEDING

ONE BUDGET YEAR; OR

(b) THE QUESTION OF WHETHER THE GROWTH DISTRICT MAY REPAY ANY LOAN MADE PURSUANT TO ARTICLE 15 OF TITLE 23, C.R.S., OVER A PERIOD EXCEEDING ONE BUDGET YEAR.

(2) ANY QUESTION SUBMITTED PURSUANT TO SUBSECTION (1) OF THIS SECTION MAY BE COMBINED WITH A QUESTION SUBMITTED BY THE GROWTH DISTRICT PURSUANT TO SECTION 22-40-110 AT THE SAME ELECTION.

(3) ANY SPECIAL ELECTION CALLED PURSUANT TO THIS SECTION SHALL BE HELD ON THE GENERAL ELECTION DAY IN EACH EVEN-NUMBERED YEAR OR ON THE FIRST TUESDAY IN NOVEMBER OF EACH ODD-NUMBERED YEAR AND SHALL BE CONDUCTED PURSUANT TO THE PROVISIONS OF ARTICLES 1 TO 13 OF TITLE 1, C.R.S.

SECTION 18. Article 40 of title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

22-40-110. Additional property tax for capital improvements in growth school districts. (1) THE BOARD OF EDUCATION OF ANY GROWTH DISTRICT, AS DEFINED IN SECTION 22-2-122 (1) (b), AT ANY REGULAR BIENNIAL SCHOOL ELECTION OR SPECIAL ELECTION, MAY SUBMIT TO THE ELIGIBLE ELECTORS OF THE GROWTH DISTRICT THE QUESTION OF THE IMPOSITION OF AN ADDITIONAL PROPERTY TAX LEVY IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION FOR:

(a) ONE OR MORE OF THE PURPOSES SPECIFIED IN SECTION 22-42-102 (2) (a) (I) TO (2) (a) (V);

(b) THE PAYMENT OF ANY LOAN RECEIVED BY THE GROWTH DISTRICT PURSUANT TO SECTION 22-2-122 AND THE PAYMENT OF ANY INTEREST DUE ON SUCH LOAN; OR

(c) THE PAYMENT OF ANY LOAN RECEIVED BY THE GROWTH DISTRICT PURSUANT TO ARTICLE 15 OF TITLE 23, C.R.S., AND THE PAYMENT OF ANY INTEREST DUE ON SUCH LOAN.

(2) (a) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (2), A GROWTH DISTRICT MAY IMPOSE AN ADDITIONAL

PROPERTY TAX LEVY OF NO MORE THAN FIVE MILLS OR A NUMBER OF MILLS AS DETERMINED BY DIVIDING THE LATEST STATEWIDE VALUATION FOR ASSESSMENT OF THE TAXABLE PROPERTY IN ALL SCHOOL DISTRICTS BY THE PUPIL ENROLLMENT OF ALL SCHOOL DISTRICTS, AND DIVIDING SAID AMOUNT BY THE LATEST VALUATION FOR ASSESSMENT OF THE TAXABLE PROPERTY IN THE GROWTH DISTRICT DIVIDED BY THE PUPIL ENROLLMENT OF THE GROWTH DISTRICT, WHICHEVER IS THE LESSER AMOUNT.

(b) IF THE AMOUNT AS DETERMINED BY DIVIDING THE LATEST VALUATION FOR ASSESSMENT OF THE TAXABLE PROPERTY IN A GROWTH DISTRICT BY THE PUPIL ENROLLMENT OF THE GROWTH DISTRICT IS GREATER THAN THE AMOUNT AS DETERMINED BY DIVIDING THE LATEST STATEWIDE VALUATION FOR ASSESSMENT OF THE TAXABLE PROPERTY IN ALL SCHOOL DISTRICTS BY THE PUPIL ENROLLMENT OF ALL SCHOOL DISTRICTS, THE GROWTH DISTRICT MAY IMPOSE AN ADDITIONAL PROPERTY TAX LEVY OF NO MORE THAN ONE MILL.

(3) MONEYS COLLECTED FROM SUCH TAX LEVY SHALL BE CREDITED TO THE CAPITAL RESERVE FUND PURSUANT TO SECTION 22-45-103 (1) (c) (IV).

(4) ANY SPECIAL ELECTION CALLED PURSUANT TO THIS SECTION SHALL BE HELD ON THE GENERAL ELECTION DAY IN EACH EVEN-NUMBERED YEAR OR ON THE FIRST TUESDAY IN NOVEMBER OF EACH ODD-NUMBERED YEAR AND SHALL BE CONDUCTED PURSUANT TO THE PROVISIONS OF ARTICLES 1 TO 13 OF TITLE 1, C.R.S.

SECTION 19. 22-45-103 (1) (c), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

22-45-103. Funds. (1) The following funds are created for each school district for purposes specified in this article:

(c) **Capital reserve fund.** (IV) THE REVENUES FROM A TAX LEVIED PURSUANT TO SECTION 22-40-110 SHALL BE CREDITED TO THE CAPITAL RESERVE FUND. MONEYS IN SAID FUND SHALL BE USED FOR THE PURPOSES SET FORTH IN SECTION 22-40-110 AND MAY NOT BE EXPENDED BY THE DISTRICT FOR ANY OTHER PURPOSE. ANY MONEYS REMAINING IN THE FUND AT THE END OF ANY FISCAL YEAR SHALL REMAIN IN THE FUND AND MAY BE BUDGETED IN THE NEXT FISCAL YEAR.

SECTION 20. 22-33-104.6 (2) (b) and (2) (d), the introductory portion to 22-33-104.6 (3), 22-33-104.6 (3) (d), (3) (e) (II), (3) (g), and (3) (h), and the introductory portion to 22-33-104.6 (4) (a), Colorado Revised Statutes, are amended, and the said 22-33-104.6 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

22-33-104.6. On-line program - legislative declaration - authorized - definitions. (2) **Definitions.** As used in this section:

(b) "On-line program" means an alternative on-line education program authorized pursuant to this section that provides a sequential program of instruction for the education of a child WHO RESIDES IN COLORADO through services accessible on the world wide web and monitored by a district coordinator and a site coordinator; EXCEPT THAT, IF AN ON-LINE PROGRAM IS PROVIDED BY A CHARTER SCHOOL, THE SITE COORDINATOR SHALL HAVE SOLE RESPONSIBILITY FOR MONITORING THE PROGRAM. An on-line program is not intended to be and does not qualify as a private or nonprofit school.

(d) "Site coordinator" means a counselor or teacher at a public school, INCLUDING BUT NOT LIMITED TO A CHARTER SCHOOL, who shall monitor the progress of a student participating in the on-line program.

(3) **Program criteria.** A school district, any group of two or more school districts, A CHARTER SCHOOL, A GROUP OF CHARTER SCHOOLS, or any board of cooperative services is hereby authorized to create an on-line program. The following guidelines shall apply to any on-line program that is created and administered pursuant to the provisions of this section:

(d) Each child participating in an on-line program shall be evaluated, tested, and monitored at the same intervals as other students in the grade level in the child's school. Each child participating in an on-line program shall be subject to the statewide assessments as required in section 22-7-409. The district coordinator and the site coordinator shall collaborate to ensure that the child meets in person with the site coordinator for an evaluation; EXCEPT THAT, IF A CHARTER SCHOOL PROVIDES THE ON-LINE PROGRAM, THE SITE COORDINATOR SHALL HAVE SOLE RESPONSIBILITY TO ENSURE THE CHILD MEETS IN PERSON WITH THE SITE COORDINATOR.

(e) An on-line program shall include:

(II) A process pursuant to which the site coordinator shall notify any child who is not performing satisfactorily in the on-line program, as determined by the school district OR CHARTER SCHOOL providing the on-line program, and shall identify other educational alternatives available to such child;

(g) The records of each child participating in an on-line program shall be maintained on a permanent basis by the school and the school district providing the on-line program; EXCEPT THAT, IF A CHARTER SCHOOL PROVIDES THE ON-LINE PROGRAM, ONLY THE CHARTER SCHOOL SHALL BE REQUIRED TO MAINTAIN SUCH RECORDS. The records shall include but need not be limited to:

(I) Attendance data;

(II) Test, evaluation, and statewide assessment results; and

(III) Immunization records, as required by sections 25-4-902 and 25-4-903, C.R.S.

(h) Each child participating in an on-line program shall RESIDE WITHIN THIS STATE, SHALL meet the criteria for selection for participation in such program set by the school district OR CHARTER SCHOOL providing the on-line program, and shall demonstrate that he or she possesses the appropriate electronic equipment and resources to participate in the program. A school district OR CHARTER SCHOOL may provide such equipment and resources to a child participating in the on-line program.

(4) **Funding.** (a) If a child is participating in an on-line program created by a school district OR BY A CHARTER SCHOOL, the school district PROVIDING THE ON-LINE PROGRAM OR THE CHARTERING SCHOOL DISTRICT FOR THE CHARTER SCHOOL PROVIDING THE ON-LINE PROGRAM shall be entitled to count such child in accordance with the provisions of ~~section 22-54-103 (10)~~ SECTION 22-54-103 (8.5) for purposes of determining ON-LINE pupil enrollment under the "Public School Finance Act of 1994", article 54 of this title, if, in the preceding academic year, such child either:

(5) (a) (I) THE GENERAL ASSEMBLY HEREBY FINDS THAT THERE ARE MANY CHILDREN IN COLORADO WHO DO NOT MEET THE CRITERIA SPECIFIED

IN PARAGRAPH (a) OF SUBSECTION (4) OF THIS SECTION WHO WOULD BENEFIT FROM THE OPPORTUNITY TO PARTICIPATE IN AN ON-LINE PROGRAM. ALTHOUGH THE COST OF FUNDING ALL OF SUCH CHILDREN THROUGH THE "PUBLIC SCHOOL FINANCE ACT OF 1994", ARTICLE 54 OF THIS TITLE, WOULD BE PROHIBITIVE, IT IS THE INTENT OF THE GENERAL ASSEMBLY TO PROVIDE FUNDING FOR AS MANY OF SUCH CHILDREN AS POSSIBLE UNDER THE FISCAL CONSTRAINTS THAT EXIST FOR THE STATE.

(II) THE GENERAL ASSEMBLY FURTHER FINDS THAT INCREASING THE NUMBER OF FUNDED POSITIONS AVAILABLE TO STUDENTS IN ON-LINE PROGRAMS AS PROVIDED IN THIS SUBSECTION (5) WILL EXPAND TECHNOLOGY EDUCATION BY PROVIDING EDUCATION SERVICES TO MORE CHILDREN THROUGH THE USE OF INTERNET AND OTHER FORMS OF COMPUTER TECHNOLOGY AND MAKING SUCH TECHNOLOGY MORE READILY AVAILABLE AND USEFUL TO STUDENTS. THE GENERAL ASSEMBLY THEREFORE FINDS THAT THE INCREASE IN THE NUMBER OF FUNDED POSITIONS FOR ON-LINE PROGRAMS PURSUANT TO THIS SUBSECTION (5) MAY BE FUNDED WITH MONEYS FROM THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION.

(b) FOR THE 2002-03 BUDGET YEAR AND FOR EACH BUDGET YEAR THEREAFTER, FOR PURPOSES OF DETERMINING SCHOOL DISTRICTS' ON-LINE PUPIL ENROLLMENT UNDER THE "PUBLIC SCHOOL FINANCE ACT OF 1994", ARTICLE 54 OF THIS TITLE, IN ADDITION TO THE CHILDREN COUNTED PURSUANT TO SUBSECTION (4) OF THIS SECTION, SCHOOL DISTRICTS MAY COUNT UP TO A STATEWIDE TOTAL OF ONE HUNDRED THIRTY-FIVE CHILDREN WHO ARE ENROLLED IN ON-LINE PROGRAMS CREATED PURSUANT TO THIS SECTION AND WHO, FOR THE PRECEDING SCHOOL YEAR, WERE ENROLLED AFTER OCTOBER 1 IN PUBLIC SCHOOLS OR CHARTER SCHOOLS OF SCHOOL DISTRICTS IN THIS STATE OR WERE ENROLLED IN PRIVATE SCHOOLS OR PARTICIPATING IN NONPUBLIC HOME-BASED EDUCATION PROGRAMS OR PARTICIPATING IN HOME INSTRUCTION BY LICENSED TEACHERS.

(c) EACH SCHOOL DISTRICT, GROUP OF SCHOOL DISTRICTS, CHARTER SCHOOL, GROUP OF CHARTER SCHOOLS, AND BOARD OF COOPERATIVE SERVICES THAT CREATES AN ON-LINE PROGRAM PURSUANT TO THIS SECTION MAY APPLY TO THE DEPARTMENT OF EDUCATION FOR AUTHORIZATION TO COUNT CHILDREN ENROLLED IN THE ON-LINE PROGRAM WHO MEET THE CRITERIA SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (5) FOR PURPOSES OF DETERMINING THE ON-LINE PUPIL ENROLLMENT. EACH APPLICANT, AT A MINIMUM, SHALL PROVIDE THE FOLLOWING INFORMATION:

(I) VERIFICATION THAT THE ACADEMIC PROGRAM PROVIDED THROUGH THE ON-LINE PROGRAM IS RESEARCH-BASED AND SEQUENTIAL;

(II) THE MANNER IN WHICH THE APPLICANT HAS MARKETED THE ON-LINE PROGRAM TO CHILDREN WHO ARE NOT RECEIVING PUBLIC EDUCATION SERVICES AND HAVE DEMONSTRATED INTEREST IN THE ON-LINE PROGRAM, INCLUDING BUT NOT LIMITED TO LETTERS OF INTENT TO PARTICIPATE IN THE ON-LINE PROGRAM;

(III) DEMONSTRATION OF THE USE OF TECHNOLOGY SUPPORT SYSTEMS FOR THE ON-LINE PROGRAM AND TEACHER SUPPORT; AND

(IV) DEMONSTRATION OF THE SUCCESS OF THE ON-LINE PROGRAM, INCLUDING BUT NOT LIMITED TO THE STUDENT COMPLETION RATE OF THE ON-LINE PROGRAM.

(d) THE DEPARTMENT OF EDUCATION SHALL ALLOCATE THE ON-LINE PROGRAM POSITIONS AUTHORIZED IN PARAGRAPH (b) OF THIS SUBSECTION (5) TO APPLYING SCHOOL DISTRICTS, CHARTER SCHOOLS, AND BOARDS OF COOPERATIVE SERVICES. THE DEPARTMENT SHALL ALLOCATE THE POSITIONS TO ACCOMPLISH, AT A MINIMUM, THE FOLLOWING GOALS:

(I) DISTRIBUTION OF ON-LINE PROGRAMS THROUGHOUT THE STATE FOR BROAD REPRESENTATION OF RURAL AND URBAN SCHOOL DISTRICTS AND CHARTER SCHOOLS;

(II) ALLOCATION OF A SUFFICIENT NUMBER OF POSITIONS TO A SCHOOL DISTRICT, CHARTER SCHOOL, OR BOARD OF COOPERATIVE SERVICES TO ENSURE THAT THE ON-LINE PROGRAM OPERATED BY THE SCHOOL DISTRICT, CHARTER SCHOOL, OR BOARD OF COOPERATIVE SERVICES CAN INCLUDE AN ADEQUATE NUMBER OF STUDENTS, INCLUDING THOSE ENROLLED PURSUANT TO SUBSECTION (4) OF THIS SECTION AND THIS SUBSECTION (5), TO MAINTAIN THE EDUCATIONAL FEASIBILITY AND INTEGRITY OF THE PROGRAM.

SECTION 21. 22-30.5-103 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

22-30.5-103. Definitions. (1) For purposes of this part 1:

(b.5) "ON-LINE PUPIL" MEANS A CHILD WHO RECEIVES EDUCATIONAL SERVICES PREDOMINANTLY THROUGH AN ON-LINE PROGRAM CREATED

PURSUANT TO SECTION 22-33-104.6.

SECTION 22. 22-30.5-104 (2) and (8), Colorado Revised Statutes, are amended to read:

22-30.5-104. Charter school - requirements - authority. (2) A charter school shall be a public school within the school district that grants its charter and shall be accountable to the school district's local board of education for purposes of ensuring compliance with applicable laws and charter provisions and the requirement of section 15 of article IX of the state constitution. A charter school cannot apply to, or be granted a charter by, a school district unless a majority of the charter school's pupils, OTHER THAN ON-LINE PUPILS, will reside in the chartering school district or in school districts contiguous thereto.

(8) A charter school shall be authorized to offer any educational program, INCLUDING BUT NOT LIMITED TO AN ON-LINE PROGRAM PURSUANT TO SECTION 22-33-104.6, that may be offered by a school district, unless expressly prohibited by its charter or by state law.

SECTION 23. 22-30.5-107 (1), Colorado Revised Statutes, is amended to read:

22-30.5-107. Charter application - process. (1) A charter applicant cannot apply to, or be granted a charter by, a school district unless a majority of the charter school's pupils, OTHER THAN ON-LINE PUPILS, will reside in the chartering school district or in school districts contiguous thereto. The local board of education shall receive and review all applications for charter schools. Applications must be filed with the local board of education by October 1 to be eligible for consideration for the following school year. The local board of education shall not charge any application fees. If such board finds the charter school application is incomplete, the board shall request the necessary information from the charter applicant. The charter school application shall be reviewed by the district accountability committee prior to consideration by the local board of education.

SECTION 24. 22-30.5-109, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-30.5-109. Charter schools - restrictions - establishment - number. (7) ON-LINE PUPILS ENROLLED IN A CHARTER SCHOOL SHALL NOT BE INCLUDED IN THE CHARTER SCHOOL'S PUPIL ENROLLMENT FOR PURPOSES OF DETERMINING WHETHER THE CHARTER SCHOOL IS IN COMPLIANCE WITH ANY RESTRICTIONS THE CHARTERING SCHOOL DISTRICT MAY IMPOSE ON THE NUMBER OF PUPILS THAT MAY ENROLL IN THE CHARTER SCHOOL. A CHARTERING SCHOOL DISTRICT MAY NOT RESTRICT THE NUMBER OF ON-LINE PUPILS A CHARTER SCHOOL MAY ENROLL.

SECTION 25. 22-30.5-112 (1), (2) (a) (III) (A), (2) (a.3), (2) (a.7), and (3) (a) (III), Colorado Revised Statutes, are amended, and the said 22-30.5-112 (3) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

22-30.5-112. Charter schools - financing - guidelines. (1) For purposes of the "Public School Finance Act of 1994", article 54 of this title, pupils enrolled in a charter school shall be included in the pupil enrollment OR THE ON-LINE PUPIL ENROLLMENT, WHICHEVER IS APPLICABLE, of the school district that granted its charter. The school district that granted its charter shall report to the department of education the number of pupils included in the school district's pupil enrollment AND THE SCHOOL DISTRICT'S ON-LINE PUPIL ENROLLMENT that are actually enrolled in each charter school. The school district shall also identify each charter school that is a qualified charter school as defined in section 22-54-124 (1) (f) OR (1) (f.5), WHICHEVER IS APPLICABLE, IDENTIFY EACH QUALIFIED CHARTER SCHOOL THAT WILL BE OPERATING IN A SCHOOL DISTRICT FACILITY AND THAT DOES NOT HAVE ONGOING FINANCIAL OBLIGATIONS INCURRED TO REPAY THE OUTSTANDING COSTS OF NEW CONSTRUCTION UNDERTAKEN FOR THE CHARTER SCHOOL'S BENEFIT, and provide an estimate of the number of pupils expected to be enrolled in each qualified charter school during the budget year following the budget year in which the district makes a report.

(2) (a) (III) (A) For budget year ~~2000-2001~~ 2000-01 and budget years thereafter, except as otherwise provided in paragraph (a.3) of this subsection (2), each charter school and the authorizing school district shall negotiate funding under the contract at a minimum of ninety-five percent of the district per pupil revenues for each pupil enrolled in the charter school WHO IS NOT AN ON-LINE PUPIL AND ONE HUNDRED PERCENT OF THE DISTRICT PER PUPIL ON-LINE FUNDING FOR EACH ON-LINE PUPIL ENROLLED IN THE CHARTER SCHOOL. The school district may choose to retain the actual

amount of the charter school's per pupil share of the central administrative overhead costs for services actually provided to the charter school; except that such amount shall not exceed five percent of the district per pupil revenues for each pupil, WHO IS NOT AN ON-LINE PUPIL, enrolled in the charter school.

(a.3) If the authorizing school district enrolls five hundred or fewer students, the charter school shall receive funding in the amount of the greater of ONE HUNDRED PERCENT OF THE DISTRICT PER PUPIL ON-LINE FUNDING FOR EACH ON-LINE PUPIL ENROLLED IN THE CHARTER SCHOOL PLUS one hundred percent of the district per pupil revenues for each pupil WHO IS NOT AN ON-LINE PUPIL enrolled in the charter school, minus the actual amount of the charter school's per pupil share of the central administrative overhead costs incurred by the school district FOR PUPILS WHO ARE NOT ON-LINE PUPILS, based on audited figures, or eighty-five percent of the district per pupil revenues for each pupil enrolled in the charter school WHO IS NOT AN ON-LINE PUPIL PLUS ONE HUNDRED PERCENT OF THE DISTRICT PER PUPIL ON-LINE FUNDING FOR EACH ON-LINE PUPIL ENROLLED IN THE CHARTER SCHOOL.

(a.7) For the ~~2000-2001~~ 2000-01 budget year and budget years thereafter, each charter school shall annually allocate the minimum per pupil dollar amount specified in section 22-54-105 (2) (b), multiplied by the number of students enrolled in the charter school WHO ARE NOT ON-LINE PUPILS, to a fund created by the charter school for capital reserve purposes, as set forth in section 22-45-103 (1) (c) and (1) (e), or solely for the management of risk-related activities, as identified in section 24-10-115, C.R.S., and article 13 of title 29, C.R.S., or among such allowable funds. Said moneys shall be used for the purposes set forth in section 22-45-103 (1) (c) and (1) (e) and may not be expended by the charter school for any other purpose.

(3) (a) (III) For budget year ~~2000-2001~~ 2000-01 and budget years thereafter, the proportionate share of moneys generated under federal or state categorical aid programs, other than federally required educational services, shall be directed to charter schools serving students eligible for such aid; EXCEPT THAT A SCHOOL DISTRICT THAT RECEIVES SMALL ATTENDANCE CENTER AID PURSUANT TO SECTION 22-54-122 FOR A SMALL ATTENDANCE CENTER THAT IS A CHARTER SCHOOL SHALL FORWARD THE ENTIRE AMOUNT OF SUCH AID TO THE CHARTER SCHOOL FOR WHICH IT WAS

RECEIVED.

(a.5) EACH CHARTER SCHOOL THAT SERVES STUDENTS WHO MAY BE ELIGIBLE TO RECEIVE SERVICES PROVIDED THROUGH FEDERAL AID PROGRAMS SHALL COMPLY WITH ALL FEDERAL REPORTING REQUIREMENTS TO RECEIVE THE FEDERAL AID.

SECTION 26. 22-30.5-112 (2) (a.5), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

22-30.5-112. Charter schools - financing - guidelines.
(2) (a.5) As used in this subsection (2):

(II.5) "DISTRICT PER PUPIL ON-LINE FUNDING" MEANS THE DISTRICT'S ON-LINE FUNDING, AS DETERMINED PURSUANT TO SECTION 22-54-104 (4.5), FOR ANY BUDGET YEAR DIVIDED BY THE DISTRICT'S ON-LINE PUPIL ENROLLMENT, AS DEFINED IN SECTION 22-54-103 (8.5), FOR SAID BUDGET YEAR.

SECTION 27. 22-30.5-112.3 (1) (a) and (1) (c), Colorado Revised Statutes, are amended to read:

22-30.5-112.3. Charter schools - additional aid from district.
(1) (a) (I) For the 2001-02 budget year and each budget year thereafter, a qualified charter school, as defined in section 22-54-124 (1) (f) OR (1) (f.5), WHICHEVER IS APPLICABLE, shall receive state education fund moneys from the school district that granted its charter in an amount equal to the percentage of the district's certified charter school pupil enrollment that is attributable to pupils expected to be enrolled in the qualified charter school multiplied by the total amount of state education fund moneys distributed to the district for the same budget year pursuant to section 22-54-124 (3).

(II) AS USED IN THIS PARAGRAPH (a), "PUPILS" MEANS PUPILS OTHER THAN ON-LINE PUPILS ENROLLED IN A CHARTER SCHOOL.

(c) A district shall provide funding to each qualified charter school, as defined in section 22-54-124 (1) (f) OR (1) (f.5), WHICHEVER IS APPLICABLE, by making a single lump sum payment to the qualified charter school as soon as possible after the district receives a lump sum payment

of state education fund moneys pursuant to section 22-54-124 (4).

SECTION 28. 22-54-124 (1) (c), Colorado Revised Statutes, is amended to read:

22-54-124. State aid for charter schools - use of state education fund moneys. (1) As used in this section:

(c) "District's certified charter school pupil enrollment" means the total number of pupils WHO ARE NOT ON-LINE PUPILS, AS DEFINED IN SECTION 22-30.5-103 (1) (b.5), expected to be enrolled in all qualified charter schools that will receive funding from the district pursuant to section 22-30.5-112 for the budget year for which state education fund moneys are to be appropriated and distributed pursuant to subsection (4) of this section, as certified by the department of education pursuant to paragraph (b) of subsection (3) of this section during the budget year that immediately precedes said budget year.

SECTION 29. Repeal. 22-42-104.5, Colorado Revised Statutes, is repealed as follows:

22-42-104.5. Pro rata distribution of bond revenues to qualified charter schools. ~~(1) Any qualified charter school, as defined in section 22-54-124 (1) (f), that is similarly situated to a noncharter public school that will be constructed, repaired, or otherwise maintained or improved by an expenditure of a district's proceeds of bonds to be issued upon the approval of a question of contracting bonded indebtedness submitted to the eligible electors of the district on or after July 1, 2002, shall receive a portion of the proceeds of said bonds in proportion to the ratio of the qualified charter school's pupil enrollment at grade levels that are also served by one or more similarly situated noncharter public schools that will be constructed, repaired, or otherwise maintained or improved by the district's expenditure of bond proceeds to the total pupil enrollment of all schools in the district that will be constructed, repaired, or otherwise maintained or improved by the district's expenditure of bond proceeds. Any question of contracting bonded indebtedness submitted to the eligible electors of a district on or after July 1, 2002, shall identify any qualified charter school that will receive bond proceeds.~~

~~(2) For purposes of this section, a qualified charter school is similarly situated to a noncharter public school if:~~

~~(a) The noncharter public school is in the district that granted the qualified charter school's charter; and~~

~~(b) The qualified charter school and the noncharter public school both serve students at one or more of the same grade levels.~~

SECTION 30. 22-30.5-105, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-30.5-105. Charter schools - contract contents - regulations -repeal. (5) ANY TERM INCLUDED IN A CHARTER CONTRACT THAT WOULD REQUIRE A CHARTER SCHOOL TO WAIVE OR OTHERWISE FOREGO RECEIPT OF ANY AMOUNT OF OPERATIONAL OR CAPITAL CONSTRUCTION FUNDS PROVIDED TO THE CHARTER SCHOOL PURSUANT TO THE PROVISIONS OF THIS ARTICLE OR PURSUANT TO ANY OTHER PROVISION OF LAW IS HEREBY DECLARED NULL AND VOID AS AGAINST PUBLIC POLICY AND IS UNENFORCEABLE.

SECTION 31. Article 30.5 of title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PART to read:

PART 4
CHARTER SCHOOL CAPITAL FACILITIES FINANCING ACT

22-30.5-401. Short title. THIS PART 4 SHALL BE KNOWN AND MAY BE CITED AS THE "CHARTER SCHOOL FACILITIES FINANCING ACT".

22-30.5-402. Legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(a) THE "CHARTER SCHOOLS ACT", PART 1 OF THIS ARTICLE, WAS ENACTED BY THE GENERAL ASSEMBLY WITHOUT PROVIDING A METHOD FOR FUNDING THE CAPITAL CONSTRUCTION NEEDS OF CHARTER SCHOOLS.

(b) SINCE THE ENACTMENT OF THE "CHARTER SCHOOLS ACT", THE GENERAL ASSEMBLY HAS ENACTED LEGISLATION REQUIRING A PORTION OF THE MONEYS IN THE STATE EDUCATION FUND TO BE DISTRIBUTED TO

CHARTER SCHOOLS FOR USE IN FUNDING CAPITAL CONSTRUCTION, BUT SUCH MONEYS ARE NOT SUFFICIENT TO FULLY MEET THE CAPITAL CONSTRUCTION NEEDS OF CHARTER SCHOOLS.

(c) PURSUANT TO SENATE BILL 01-237, ENACTED AT THE FIRST REGULAR SESSION OF THE SIXTY-THIRD GENERAL ASSEMBLY, THE GENERAL ASSEMBLY DECLARED ITS INTENT TO ESTABLISH A METHOD FOR FUNDING THE CAPITAL CONSTRUCTION NEEDS OF CHARTER SCHOOLS THAT IS EQUITABLE, WITHSTANDS CONSTITUTIONAL CHALLENGE, AND PROMOTES COOPERATION BETWEEN CHARTER SCHOOLS AND THEIR AUTHORIZING SCHOOL DISTRICTS AND ENCOURAGED REPRESENTATIVES OF LOCAL BOARDS OF EDUCATION, SCHOOL DISTRICT ADMINISTRATORS, CHARTER SCHOOLS, THE BUSINESS COMMUNITY, AND ANY OTHER INTERESTED PERSONS TO MEET AND DEVELOP A COMPREHENSIVE LEGISLATIVE PROPOSAL FOR FUNDING THE CAPITAL CONSTRUCTION NEEDS OF CHARTER SCHOOLS FOR CONSIDERATION BY THE SIXTY-THIRD GENERAL ASSEMBLY AT THE 2002 REGULAR SESSION.

(2) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT THIS PART 4 IS THE PRODUCT OF LEGISLATIVE EXAMINATION AND MODIFICATION OF A COMPREHENSIVE LEGISLATIVE PROPOSAL THAT RESULTED FROM MEETINGS OF REPRESENTATIVES OF LOCAL BOARDS OF EDUCATION, SCHOOL DISTRICT ADMINISTRATORS, CHARTER SCHOOLS, THE BUSINESS COMMUNITY, AND ANY OTHER INTERESTED PERSONS AND REPRESENTS A COMPREHENSIVE LEGISLATIVE PROPOSAL FOR FUNDING THE CAPITAL CONSTRUCTION NEEDS OF CHARTER SCHOOLS THAT IS EQUITABLE, WITHSTANDS CONSTITUTIONAL CHALLENGE, AND PROMOTES COOPERATION BETWEEN CHARTER SCHOOLS AND THEIR AUTHORIZING SCHOOL DISTRICTS.

22-30.5-403. Definitions. AS USED IN THIS PART 4, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "BOARD OF EDUCATION" OR "BOARD" MEANS A SCHOOL DISTRICT BOARD OF EDUCATION.

(2) "BUDGET YEAR" MEANS THE PERIOD BEGINNING ON JULY 1 OF EACH YEAR AND ENDING ON THE FOLLOWING JUNE 30 FOR WHICH A BUDGET FOR A DISTRICT IS ADOPTED.

(3) "CHARTER SCHOOL" MEANS A CHARTER SCHOOL AS DESCRIBED IN SECTION 22-30.5-104, AND ALSO INCLUDES A NONPROFIT CORPORATION EXEMPT FROM TAXATION UNDER SECTION 501 (c) (3) OF THE FEDERAL

"INTERNAL REVENUE CODE OF 1986", AS AMENDED, THAT OWNS A FACILITY USED FOR OCCUPANCY BY PUPILS ENROLLED OR TO BE ENROLLED IN A CHARTER SCHOOL ON BEHALF OF A CHARTER SCHOOL AND THAT WAS CREATED FOR THE SOLE PURPOSE OF HOLDING TITLE TO SUCH FACILITY.

(4) "CHARTER SCHOOL CAPITAL CONSTRUCTION" OR "CAPITAL CONSTRUCTION" MEANS CONSTRUCTING, DEMOLISHING, REMODELING, FINANCING, OR REFINANCING THE ACQUISITION OF LAND, BUILDINGS, OR FACILITIES USED FOR OCCUPANCY BY PUPILS ENROLLED IN OR TO BE ENROLLED IN A CHARTER SCHOOL. THE TERM ALSO INCLUDES ACTIONS TAKEN TO ACHIEVE THE PURPOSES SET FORTH IN SECTION 22-42-102 (2) (a) (I) TO (2) (a) (V).

(5) "CHARTER SCHOOL PER PUPIL FACILITIES AID PROGRAM MONEYS" MEANS STATE EDUCATION FUND MONEYS TO BE DISTRIBUTED TO CHARTER SCHOOLS FOR CAPITAL CONSTRUCTION PURSUANT TO SECTION 22-54-124.

(6) "SCHOOL DISTRICT" OR "DISTRICT" MEANS A SCHOOL DISTRICT ORGANIZED AND EXISTING PURSUANT TO LAW; EXCEPT THAT THE TERM DOES NOT INCLUDE A JUNIOR COLLEGE DISTRICT.

(7) "SPECIAL MILL LEVY" MEANS A MILL LEVY AUTHORIZED BY SECTION 22-30.5-405.

22-30.5-404. Needs-based inclusion of charter schools in district bond elections - eligibility - determination of need - allocation of bond revenues. (1) IN ENACTING THIS SECTION, IT IS THE INTENT OF THE GENERAL ASSEMBLY TO RESPECT THE PRINCIPLE OF SCHOOL DISTRICT LOCAL CONTROL AND TO ENCOURAGE SCHOOL DISTRICTS AND CHARTER SCHOOLS TO WORK TOGETHER TO ENSURE THAT THE CAPITAL CONSTRUCTION NEEDS OF CHARTER SCHOOLS CAN BE MET. ACCORDINGLY, NOTHING IN THIS SECTION SHALL BE CONSTRUED TO LIMIT IN ANY WAY THE EXISTING ABILITY OF ANY SCHOOL DISTRICT TO INCLUDE A CHARTER SCHOOL IN ANY LOCAL BOND ELECTIONS OR TO OTHERWISE ASSIST A CHARTER SCHOOL IN FINANCING ITS CAPITAL CONSTRUCTION NEEDS IN ANY LEGAL MANNER MUTUALLY AGREED UPON BY THE SCHOOL DISTRICT AND THE CHARTER SCHOOL. EACH SCHOOL DISTRICT THAT IS CONSIDERING SUBMITTING ANY QUESTION OF CONTRACTING BONDED INDEBTEDNESS TO THE ELIGIBLE ELECTORS OF THE DISTRICT AT AN UPCOMING ELECTION SHALL INVITE EACH CHARTER SCHOOL CHARTERED BY THE DISTRICT TO PARTICIPATE IN DISCUSSIONS REGARDING THE POSSIBLE SUBMISSION OF SUCH A QUESTION AT

THE EARLIEST POSSIBLE TIME, AND EACH SCHOOL DISTRICT IS ENCOURAGED TO VOLUNTARILY INCLUDE FUNDING FOR THE CAPITAL CONSTRUCTION NEEDS OF CHARTER SCHOOLS IN THE DISTRICT'S QUESTIONS OF CONTRACTING BONDED INDEBTEDNESS WITHOUT REQUIRING A CHARTER SCHOOL TO COMPLY WITH THE CAPITAL CONSTRUCTION PLAN SUBMISSION PROCESS SET FORTH IN SUBSECTION (3) OF THIS SECTION.

(2) A CHARTER SCHOOL THAT HAS CAPITAL CONSTRUCTION NEEDS MAY SEEK TO OBTAIN MONEYS TO FUND SUCH CAPITAL CONSTRUCTION NEEDS BY REQUESTING THAT THE BOARD OF EDUCATION OF ITS CHARTERING SCHOOL DISTRICT:

(a) INCLUDE THE CHARTER SCHOOL'S CAPITAL CONSTRUCTION NEEDS AS PART OF A BALLOT QUESTION FOR APPROVAL OF BONDED INDEBTEDNESS TO BE SUBMITTED BY THE DISTRICT TO THE VOTERS OF THE DISTRICT; OR

(b) SUBMIT A BALLOT QUESTION FOR APPROVAL OF A SPECIAL MILL LEVY TO THE VOTERS OF THE DISTRICT PURSUANT TO SECTION 22-30.5-405.

(3) A CHARTER SCHOOL THAT SEEKS TO HAVE ITS CAPITAL CONSTRUCTION NEEDS INCLUDED AS PART OF A BALLOT QUESTION TO BE SUBMITTED BY THE BOARD OF EDUCATION OF ITS CHARTERING SCHOOL DISTRICT TO THE VOTERS OF THE DISTRICT OR THAT SEEKS TO OBTAIN FUNDING FOR ITS CAPITAL CONSTRUCTION NEEDS THROUGH THE IMPOSITION OF A SPECIAL MILL LEVY PURSUANT TO SECTION 22-30.5-405 SHALL SUBMIT A CAPITAL CONSTRUCTION PLAN TO THE BOARD OF EDUCATION OF ITS CHARTERING SCHOOL DISTRICT. THE PLAN SHALL INCLUDE:

(a) A STATEMENT OF REASONS WHY THE CAPITAL CONSTRUCTION TO BE FINANCED BY BONDED INDEBTEDNESS OR A SPECIAL MILL LEVY IS NECESSARY;

(b) A DESCRIPTION OF THE CAPITAL CONSTRUCTION TO BE FINANCED BY BONDED INDEBTEDNESS OR REVENUES FROM A SPECIAL MILL LEVY;

(c) A DESCRIPTION OF THE ARCHITECTURAL, FUNCTIONAL, AND CONSTRUCTION STANDARDS THAT MEET APPLICABLE STATE BUILDING CODE REQUIREMENTS AND ARE TO BE APPLIED TO EACH FACILITY THAT IS THE SUBJECT OF THE CAPITAL CONSTRUCTION PROJECT;

(d) AN ESTIMATE OF THE TOTAL COST OF COMPLETING THE CAPITAL

CONSTRUCTION TO BE FINANCED BY BONDED INDEBTEDNESS OR A SPECIAL MILL LEVY AND, IF ANY MONEYS OTHER THAN PROCEEDS OF BONDED INDEBTEDNESS OR A SPECIAL MILL LEVY AND INTEREST EARNED ON SUCH PROCEEDS ARE TO BE USED TO FINANCE THE CAPITAL CONSTRUCTION, A BREAKDOWN OF THE MONEYS THAT WILL BE USED TO FINANCE THE CAPITAL CONSTRUCTION;

(e) AN ESTIMATE OF THE AMOUNT OF TIME NEEDED TO COMPLETE THE CAPITAL CONSTRUCTION;

(f) A STATEMENT ADDRESSING WHETHER CONSTRUCTION AND RENOVATION, PAYMENT OF OVERRUN COSTS, AND OTHER CAPITAL CONSTRUCTION PROJECT ISSUES ARE TO BE MANAGED BY THE CHARTER SCHOOL OR THE DISTRICT, WITH COSTS FOR MANAGEMENT TO BE NEGOTIATED BY THE CHARTER SCHOOL AND THE DISTRICT;

(g) A STATEMENT OF REASONS WHY REVENUE SOURCES OTHER THAN BONDED INDEBTEDNESS OR A SPECIAL MILL LEVY ARE INADEQUATE TO FULLY FINANCE THE CAPITAL CONSTRUCTION; AND

(h) A STATEMENT OF THE CHARTER SCHOOL'S PREFERRED MEANS OF OBTAINING MONEYS.

(4) THE BOARD OF EDUCATION OF A SCHOOL DISTRICT SHALL REVIEW A CAPITAL CONSTRUCTION PLAN SUBMITTED BY A CHARTER SCHOOL PURSUANT TO SUBSECTION (3) OF THIS SECTION AND DETERMINE WHETHER THE CHARTER SCHOOL HAS ESTABLISHED A NEED FOR THE CAPITAL CONSTRUCTION, A NEED TO INCUR BONDED INDEBTEDNESS OR OBTAIN REVENUES FROM A SPECIAL MILL LEVY TO FINANCE THE CAPITAL CONSTRUCTION, AND A VIABLE PLAN FOR THE CAPITAL CONSTRUCTION. THE BOARD SHALL ALSO DETERMINE THE PRIORITY OF THE CHARTER SCHOOL CAPITAL CONSTRUCTION NEED IN RELATION TO THE CAPITAL CONSTRUCTION NEEDS OF THE ENTIRE DISTRICT. IF THE BOARD DETERMINES THAT:

(a) THE CHARTER SCHOOL HAS ESTABLISHED CAPITAL CONSTRUCTION NEEDS, A NEED TO INCUR BONDED INDEBTEDNESS OR OBTAIN REVENUES FROM A SPECIAL MILL LEVY TO FINANCE THE CAPITAL CONSTRUCTION, AND A VIABLE PLAN, AND THE BOARD HAS PRIORITIZED THE CHARTER SCHOOL CAPITAL CONSTRUCTION NEEDS IN RELATION TO THE CAPITAL CONSTRUCTION NEEDS OF THE ENTIRE DISTRICT, THE BOARD SHALL EITHER INCLUDE THE

CHARTER SCHOOL'S CAPITAL CONSTRUCTION IN A BALLOT QUESTION FOR APPROVAL OF BONDED INDEBTEDNESS IN ACCORDANCE WITH SUBSECTION (5) OF THIS SECTION OR SUBMIT A SEPARATE SPECIAL MILL LEVY QUESTION TO THE VOTERS OF THE DISTRICT PURSUANT TO SECTION 22-30.5-405. THE BOARD SHALL HAVE THE DISCRETION TO CHOOSE BETWEEN THE BOND OR SPECIAL MILL LEVY OPTIONS AND TO DETERMINE THE AMOUNT OF BONDS THAT WILL BE NEEDED TO BE SOLD OR THE AMOUNT OF MONEYS THAT WILL BE NEEDED TO BE RAISED BY A SPECIAL MILL LEVY, BUT THE BOARD SHALL FIRST CONSIDER ANY INFORMATION PROVIDED OR PREFERENCES EXPRESSED BY THE CHARTER SCHOOL.

(b) THE CHARTER SCHOOL HAS NOT ESTABLISHED CAPITAL CONSTRUCTION NEEDS, A NEED TO INCUR BONDED INDEBTEDNESS OR OBTAIN REVENUES FROM A SPECIAL MILL LEVY TO FINANCE THE CAPITAL CONSTRUCTION, OR A VIABLE PLAN:

(I) THE BOARD SHALL PROVIDE THE CHARTER SCHOOL WITH A WRITTEN STATEMENT SPECIFYING ITS REASONS FOR CONCLUDING THAT THE CHARTER SCHOOL HAS NOT ESTABLISHED CAPITAL CONSTRUCTION NEEDS, A NEED TO INCUR BONDED INDEBTEDNESS OR OBTAIN REVENUES FROM A SPECIAL MILL LEVY TO FINANCE THE CAPITAL CONSTRUCTION, OR A VIABLE PLAN; AND

(II) THE BOARD NEED NOT INCLUDE THE CHARTER SCHOOL'S CAPITAL CONSTRUCTION IN THE DISTRICT'S BALLOT QUESTION FOR APPROVAL OF BONDED INDEBTEDNESS BUT SHALL SUBMIT A SPECIAL MILL LEVY BALLOT QUESTION TO THE VOTERS OF THE DISTRICT PURSUANT TO SECTION 22-30.5-405 IF THE CHARTER SCHOOL REQUESTS THAT A SPECIAL MILL LEVY BE SUBMITTED AND THE CHARTER SCHOOL AGREES TO PAY ALL OF THE COSTS OF SUBMITTING THE SPECIAL MILL LEVY BALLOT QUESTION.

(5) IF THE BOARD OF A SCHOOL DISTRICT CHOOSES TO INCLUDE A CHARTER SCHOOL'S CAPITAL CONSTRUCTION IN A DISTRICT BALLOT QUESTION SEEKING APPROVAL OF BONDED INDEBTEDNESS:

(a) THE BOARD SHALL CONSULT WITH THE CHARTER SCHOOL IN DETERMINING THE AMOUNT OF, AND REPAYMENT SCHEDULE FOR, THE BONDS PROPOSED TO BE SOLD TO FINANCE THE CHARTER SCHOOL'S CAPITAL CONSTRUCTION;

(b) THE BOARD AND THE CHARTER SCHOOL SHALL AGREE TO THE PRIORITIZATION OF THE DISTRIBUTION OF BOND PROCEEDS BETWEEN THE CHARTER SCHOOL AND ANY OTHER PUBLIC SCHOOL THAT WILL RECEIVE BOND PROCEEDS BEFORE SUBMITTING THE BALLOT QUESTION TO THE VOTERS OF THE SCHOOL DISTRICT;

(c) THE INVESTMENT AND INTEREST EARNINGS ON BOND PROCEEDS SHALL BE DISTRIBUTED ON A PRO RATA BASIS TO THE PARTICIPATING CHARTER SCHOOL AFTER MANAGEMENT FEES HAVE BEEN COLLECTED; AND

(d) THE COSTS OF SUBMITTING THE BALLOT QUESTION SHALL BE BORNE BY BOTH THE DISTRICT AND THE CHARTER SCHOOL IN PROPORTION TO THEIR RESPECTIVE PORTIONS OF THE TOTAL BOND PROCEEDS TO BE RECEIVED UNLESS THE BOARD AND THE CHARTER SCHOOL AGREE TO A DIFFERENT COST-SHARING ARRANGEMENT. EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (b) OF SUBSECTION (4) OF THIS SECTION, IF THE BOARD OF THE DISTRICT SUBMITS A SEPARATE SPECIAL MILL LEVY BALLOT QUESTION ON THE SAME BALLOT AS A BALLOT QUESTION FOR APPROVAL OF BONDED INDEBTEDNESS, THE COSTS OF SUBMITTING THE SPECIAL MILL LEVY BALLOT QUESTION SHALL BE BORNE AS AGREED UPON BY THE SCHOOL DISTRICT AND THE CHARTER SCHOOL.

(6) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, NO BONDS SHALL BE ISSUED FOR THE PURPOSE OF FINANCING CHARTER SCHOOL CAPITAL CONSTRUCTION UNLESS THE CHARTER SCHOOL THAT IS TO RECEIVE BOND PROCEEDS AND THE DISTRICT HAVE ENTERED INTO A CONTRACT SPECIFYING THAT:

(a) THE OWNERSHIP OF ANY CAPITAL CONSTRUCTION FINANCED BY BOND REVENUES SHALL AUTOMATICALLY REVERT TO THE DISTRICT IF THE CHARTER SCHOOL LOSES ITS CHARTER, FAILS TO PAY FOR THE CAPITAL CONSTRUCTION TO BE FINANCED BY BOND REVENUES, OR BECOMES INSOLVENT AND CAN NO LONGER OPERATE AS A CHARTER SCHOOL; AND

(b) THE CHARTER SCHOOL SHALL NOT ENCUMBER ANY CAPITAL CONSTRUCTION FINANCED BY BOND REVENUES WITH ANY ADDITIONAL DEBT.

22-30.5-405. Mill levy for charter school capital construction.

(1) WITH THE AGREEMENT OF ALL CHARTER SCHOOLS THAT WILL RECEIVE THE REVENUES GENERATED BY A SPECIAL MILL LEVY, THE BOARD OF EDUCATION OF ANY SCHOOL DISTRICT SHALL, AT ANY TIME AT WHICH A

BALLOT ISSUE ARISING UNDER SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION MAY BE DECIDED, SUBMIT TO THE ELIGIBLE ELECTORS OF THE DISTRICT THE QUESTION OF WHETHER TO IMPOSE A MILL LEVY OF A STATED AMOUNT FOR THE PURPOSE OF FINANCING CAPITAL CONSTRUCTION FOR ONE OR MORE CHARTER SCHOOLS CHARTERED BY THE DISTRICT, WHICH MILL LEVY SHALL NOT EXCEED ONE MILL IN ANY YEAR OR EXCEED TEN YEARS IN DURATION. WHEN A MILL LEVY FOR MORE THAN ONE YEAR HAS BEEN APPROVED, THE BOARD SHALL, WITHOUT CALLING AN ELECTION, DECREASE THE AMOUNT OR DURATION OF THE MILL LEVY AS NECESSARY TO AVOID EXCESSIVE COLLECTIONS AS EACH CAPITAL CONSTRUCTION PROJECT FINANCED BY THE MILL LEVY IS COMPLETED. IF THE BOARD IS REQUIRED TO SUBMIT THE BALLOT QUESTION FOR A MILL LEVY PURSUANT TO SECTION 22-30.5-404 (4), THE BOARD SHALL CONSULT WITH ALL AFFECTED CHARTER SCHOOLS THAT WILL RECEIVE THE REVENUES GENERATED BY THE SPECIAL MILL LEVY BEFORE DETERMINING THE AMOUNT AND DURATION OF THE SPECIAL MILL LEVY.

(2) ANY ELECTION CALLED PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL BE CONDUCTED PURSUANT TO THE PROVISIONS OF ARTICLES 1 TO 13 OF TITLE 1, C.R.S. THE COSTS OF THE ELECTION SHALL BE BORNE BY EACH CHARTER SCHOOL THAT IS TO RECEIVE REVENUES GENERATED BY THE MILL LEVY IN PROPORTION TO THE AMOUNT OF REVENUES IT IS TO RECEIVE UNLESS OTHER COST-SHARING ARRANGEMENTS ARE AGREED TO BY THE CHARTER SCHOOLS AND, IF THE SCHOOL DISTRICT SUBMITTING THE BALLOT QUESTION AGREES TO BEAR ANY OF THE COSTS OF THE ELECTION AND IS NOT PROHIBITED FROM BEARING SUCH COSTS BY SECTION 22-30.5-404 (4) (b), THE DISTRICT.

(3) IF THE MAJORITY OF VOTES CAST AT AN ELECTION HELD PURSUANT TO THIS SECTION ARE IN FAVOR OF THE QUESTION, THE MILL LEVY OF THE DISTRICT FOR CHARTER SCHOOL CAPITAL CONSTRUCTION SHALL BE AS SO APPROVED BY THE ELIGIBLE ELECTORS OF THE DISTRICT AND TAXES SHALL BE LEVIED AS SO APPROVED.

(4) NOTWITHSTANDING THE PROVISIONS OF SECTION 22-30.5-404 (4) AND ANY OTHER PROVISIONS OF THIS SECTION, NO MILL LEVY SHALL BE IMPOSED PURSUANT TO THIS SECTION TO BENEFIT A CHARTER SCHOOL UNLESS THE CHARTER SCHOOL AND THE DISTRICT HAVE ENTERED INTO A CONTRACT SPECIFYING TO WHOM THE OWNERSHIP OF ANY CAPITAL CONSTRUCTION FINANCED BY THE MILL LEVY SHALL REVERT IF THE CHARTER SCHOOL LOSES ITS CHARTER, FAILS TO PAY FOR THE CAPITAL CONSTRUCTION TO BE

FINANCED BY REVENUES FROM THE MILL LEVY, OR BECOMES INSOLVENT AND CAN NO LONGER OPERATE AS A CHARTER SCHOOL.

(5) A SCHOOL DISTRICT MAY IMPOSE A TOTAL MILL LEVY PURSUANT TO THIS SECTION IN EXCESS OF ONE MILL IN ANY YEAR IF THE VOTERS OF THE DISTRICT APPROVE MULTIPLE BALLOT QUESTIONS, BUT THE MILL LEVY IMPOSED PURSUANT TO ANY SINGLE BALLOT QUESTION SUBMITTED PURSUANT TO THIS SECTION SHALL NOT EXCEED ONE MILL IN ANY YEAR AS SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE IMPOSITION OF A SECOND OR SUBSEQUENT MILL LEVY PURSUANT TO THIS SECTION SHALL NOT AFFECT THE RIGHTS OF ANY CHARTER SCHOOL TO THE REVENUES GENERATED BY ANY PREEXISTING SPECIAL MILL LEVY.

22-30.5-406. Direct payment of charter school bonds by the state treasurer and school districts. (1) (a) FOR THE PURPOSE OF ENHANCING THE ABILITY OF A CHARTER SCHOOL TO OBTAIN FAVORABLE FINANCING TERMS ON BONDS ISSUED ON BEHALF OF THE CHARTER SCHOOL BY A GOVERNMENTAL ENTITY OTHER THAN A SCHOOL DISTRICT FOR THE PURPOSE OF FINANCING CHARTER SCHOOL CAPITAL CONSTRUCTION, A CHARTER SCHOOL THAT IS ENTITLED TO RECEIVE MONEYS FROM THE STATE PUBLIC SCHOOL FUND PURSUANT TO PART 1 OF THIS ARTICLE MAY REQUEST THAT THE STATE TREASURER MAKE DIRECT PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS ON BEHALF OF THE CHARTER SCHOOL. THE CHARTER SCHOOL SHALL SPECIFY THE AMOUNT OF EACH PAYMENT TO BE MADE.

(b) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (a) OF THIS SUBSECTION (1), IF THE STATE TREASURER CONCLUDES THAT THE AMOUNT OF MONEYS FROM THE STATE PUBLIC SCHOOL FUND THAT A CHARTER SCHOOL WILL RECEIVE PURSUANT TO PART 1 OF THIS ARTICLE FOR ANY GIVEN BUDGET YEAR WILL BE LESS THAN THE AMOUNT OF THE PAYMENTS SPECIFIED BY THE CHARTER SCHOOL PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (1) THAT WILL BE DUE DURING THE BUDGET YEAR, THE STATE TREASURER SHALL NOT AGREE TO MAKE DIRECT PAYMENTS ON BEHALF OF THE CHARTER SCHOOL.

(c) THE STATE TREASURER SHALL WITHHOLD THE AMOUNT OF ANY DIRECT PAYMENTS MADE ON BEHALF OF A CHARTER SCHOOL PLUS ADMINISTRATIVE COSTS ASSOCIATED WITH THE MAKING OF DIRECT PAYMENTS IN AN AMOUNT AGREED UPON BY THE STATE TREASURER AND THE CHARTER SCHOOL FROM THE PAYMENTS TO THE CHARTERING DISTRICT OF THE STATE SHARE OF THE DISTRICT'S TOTAL PROGRAM MADE PURSUANT TO

ARTICLE 54 OF THIS TITLE. THE STATE TREASURER SHALL NOTIFY THE CHIEF FINANCIAL OFFICERS OF THE CHARTERING DISTRICT AND THE CHARTER SCHOOL OF ANY AMOUNT OF MONEYS WITHHELD AND THE CHARTERING DISTRICT SHALL REDUCE THE AMOUNT OF FUNDING IT PROVIDES TO THE CHARTER SCHOOL BY SAID AMOUNT. ANY ADMINISTRATIVE COSTS WITHHELD BY THE STATE TREASURER PURSUANT TO THIS PARAGRAPH (c) SHALL BE CREDITED TO THE CHARTER SCHOOL FINANCING ADMINISTRATIVE CASH FUND, WHICH FUND IS HEREBY CREATED. MONEYS IN THE FUND SHALL BE CONTINUOUSLY APPROPRIATED TO THE STATE TREASURER FOR THE DIRECT AND INDIRECT COSTS OF THE ADMINISTRATION OF THIS SECTION. MONEYS IN THE CHARTER SCHOOL FINANCING ADMINISTRATIVE CASH FUND SHALL REMAIN IN THE FUND AND SHALL NOT REVERT TO THE GENERAL FUND AT THE END OF ANY FISCAL YEAR.

(d) THE STATE TREASURER SHALL ESTABLISH THE PROCEDURES NECESSARY TO IMPLEMENT THIS SUBSECTION (1) AND MAY PROMULGATE RULES FOR THAT PURPOSE. ANY RULES SHALL BE PROMULGATED IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S.

(e) THIS SUBSECTION (1) SHALL NOT BE CONSTRUED TO REQUIRE THE STATE TO CONTINUE THE PAYMENT OF STATE ASSISTANCE TO ANY SCHOOL DISTRICT OR TO LIMIT OR PROHIBIT THE STATE FROM REPEALING OR AMENDING ANY LAW RELATING TO THE AMOUNT OF STATE ASSISTANCE TO SCHOOL DISTRICTS OR THE MANNER OR TIMING OF THE PAYMENT OF SUCH ASSISTANCE. THIS SUBSECTION (1) SHALL NOT BE CONSTRUED TO CREATE A DEBT OF THE STATE OR ANY STATE FINANCIAL OBLIGATION WHATSOEVER WITH RESPECT TO ANY BONDS ISSUED ON BEHALF OF A CHARTER SCHOOL BY A GOVERNMENTAL ENTITY OTHER THAN A SCHOOL DISTRICT FOR THE PURPOSE OF FINANCING CHARTER SCHOOL CAPITAL CONSTRUCTION WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR TO CREATE ANY LIABILITY EXCEPT TO THE EXTENT PROVIDED IN THIS SUBSECTION (1).

(2) (a) IF THE STATE TREASURER DOES NOT AGREE TO MAKE DIRECT PAYMENTS OF PRINCIPAL AND INTEREST ON BONDS ON BEHALF OF A CHARTER SCHOOL PURSUANT TO SUBSECTION (1) OF THIS SECTION BECAUSE THE CHARTER SCHOOL IS NOT ENTITLED TO RECEIVE MONEYS FROM THE STATE PUBLIC SCHOOL FUND PURSUANT TO PART 1 OF THIS ARTICLE OR BECAUSE THE STATE TREASURER HAS CONCLUDED THAT THE AMOUNT OF MONEYS FROM THE STATE PUBLIC SCHOOL FUND THAT THE CHARTER SCHOOL WILL RECEIVE PURSUANT TO PART 1 OF THIS ARTICLE FOR ANY GIVEN BUDGET YEAR WILL BE LESS THAN THE AMOUNT OF THE DIRECT PAYMENT SPECIFIED

BY THE CHARTER SCHOOL THAT WILL BE DUE DURING THE BUDGET YEAR, THE CHARTER SCHOOL MAY REQUEST THAT ITS CHARTERING DISTRICT MAKE DIRECT PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS ON BEHALF OF THE CHARTER SCHOOL. THE CHARTER SCHOOL SHALL SPECIFY THE AMOUNT OF EACH PAYMENT TO BE MADE.

(b) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (a) OF THIS SUBSECTION (2), IF THE BOARD OF EDUCATION OF A CHARTERING DISTRICT CONCLUDES THAT THE TOTAL AMOUNT OF MONEYS THAT A CHARTER SCHOOL WILL RECEIVE FOR ANY GIVEN BUDGET YEAR FROM THE DISTRICT PURSUANT TO THE OPERATING CONTRACT BETWEEN THE DISTRICT AND THE CHARTER SCHOOL WILL BE LESS THAN THE AMOUNT OF THE PAYMENTS SPECIFIED BY THE CHARTER SCHOOL PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2) THAT WILL BE DUE DURING THE BUDGET YEAR, THE CHARTERING DISTRICT SHALL NOT AGREE TO MAKE DIRECT PAYMENTS ON BEHALF OF THE CHARTER SCHOOL.

(c) A CHARTERING DISTRICT SHALL WITHHOLD THE AMOUNT OF ANY DIRECT PAYMENTS MADE ON BEHALF OF A CHARTER SCHOOL PLUS ADMINISTRATIVE COSTS ASSOCIATED WITH THE MAKING OF DIRECT PAYMENTS IN AN AMOUNT AGREED UPON BY THE CHARTERING DISTRICT AND THE CHARTER SCHOOL FROM THE FUNDING PROVIDED BY THE DISTRICT TO THE CHARTER SCHOOL PURSUANT TO PART 1 OF THIS ARTICLE.

(d) THIS SUBSECTION (2) SHALL NOT BE CONSTRUED TO CREATE A DEBT OF ANY CHARTERING DISTRICT OR ANY DISTRICT OBLIGATION WHATSOEVER WITH RESPECT TO ANY LEASE AGREEMENT OR INSTALLMENT PURCHASE AGREEMENT ENTERED INTO BY A CHARTER SCHOOL WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR TO CREATE ANY LIABILITY EXCEPT TO THE EXTENT PROVIDED IN THIS SUBSECTION (2).

22-30.5-407. Charter school debt reserve fund - creation - use of fund moneys - legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(a) THE CHARTER SCHOOL DEBT RESERVE FUND CREATED BY THIS SECTION IS INTENDED TO ENHANCE THE ABILITY OF ANY CHARTER SCHOOL THAT CHOOSES TO FINANCE CAPITAL CONSTRUCTION WITH REVENUES FROM BONDS ISSUED ON BEHALF OF THE CHARTER SCHOOL BY THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY CREATED IN SECTION 23-15-104 (1) (a), C.R.S., TO OBTAIN SUCH FINANCING ON FAVORABLE

TERMS BY PROVIDING A SOURCE OF MONEYS THAT CAN BE USED TO MAKE BOND PAYMENTS IF THE CHARTER SCHOOL FAILS TO MAKE SUCH PAYMENTS.

(b) IT IS APPROPRIATE FOR STATE EDUCATION FUND MONEYS TO BE APPROPRIATED TO THE CHARTER SCHOOL DEBT RESERVE FUND AND IT IS ALSO APPROPRIATE FOR THOSE CHARTER SCHOOLS THAT RECEIVE MORE FAVORABLE FINANCING TERMS DUE TO THE EXISTENCE OF THE CHARTER SCHOOL DEBT RESERVE FUND TO PAY A PORTION OF THEIR RESULTING SAVINGS TO THE CHARTER SCHOOL DEBT RESERVE FUND AND FOR ALL CHARTER SCHOOLS TO BEAR THE RISK OF HAVING CHARTER SCHOOL PER PUPIL FACILITIES AID PROGRAM MONEYS WITHHELD TO REPLENISH THE CHARTER SCHOOL DEBT RESERVE FUND IN THE EVENT THAT MONEYS FROM THE CHARTER SCHOOL DEBT RESERVE FUND ARE EXPENDED TO MAKE BOND PAYMENTS.

(2) (a) THERE IS HEREBY CREATED IN THE STATE TREASURY THE CHARTER SCHOOL DEBT RESERVE FUND. THE FUND SHALL CONSIST OF THE FOLLOWING MONEYS:

(I) ONE MILLION DOLLARS THAT ARE HEREBY APPROPRIATED FROM THE STATE EDUCATION FUND TO THE CHARTER SCHOOL DEBT RESERVE FUND ON JULY 1, 2002;

(II) MONEYS CREDITED TO THE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT OF THE FUND PURSUANT TO SUBSECTION (3) OF THIS SECTION; AND

(III) MONEYS TRANSFERRED FROM THE STATE EDUCATION FUND TO THE CHARTER SCHOOL DEBT RESERVE FUND PURSUANT TO PARAGRAPH (d) OF SUBSECTION (4) OF THIS SECTION.

(b) THERE IS HEREBY CREATED WITHIN THE CHARTER SCHOOL DEBT RESERVE FUND THE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT. THE ACCOUNT SHALL CONSIST OF MONEYS CREDITED TO THE ACCOUNT BY THE STATE TREASURER PURSUANT TO SUBSECTION (3) OF THIS SECTION AND ANY INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE ACCOUNT.

(c) ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE CHARTER SCHOOL DEBT RESERVE FUND SHALL BE CREDITED TO THE STATE EDUCATION FUND; EXCEPT THAT ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF

MONEYS IN THE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT SHALL BE CREDITED TO THE ACCOUNT IN ACCORDANCE WITH PARAGRAPH (b) OF THIS SUBSECTION (2). AT THE END OF ANY FISCAL YEAR, ALL UNEXPENDED AND UNENCUMBERED MONEYS IN THE CHARTER SCHOOL DEBT RESERVE FUND AND THE ACCOUNT SHALL REMAIN IN THE FUND AND THE ACCOUNT RESPECTIVELY.

(d) ALL MONEYS CREDITED TO THE CHARTER SCHOOL DEBT RESERVE FUND OR EXPENDED FROM THE FUND, OTHER THAN MONEYS CREDITED TO OR EXPENDED FROM THE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT, ARE MONEYS ORIGINALLY CREDITED TO THE STATE EDUCATION FUND AND ARE THEREFORE, IN ACCORDANCE WITH SECTION 17 (3) OF ARTICLE IX OF THE STATE CONSTITUTION AND SECTION 22-55-103 (5), EXEMPT FROM:

(I) THE LIMITATION ON STATE FISCAL YEAR SPENDING SET FORTH IN SECTION 20 (7) (a) OF ARTICLE X OF THE STATE CONSTITUTION AND SECTION 24-77-103, C.R.S.; AND

(II) THE LIMITATION ON LOCAL GOVERNMENT FISCAL YEAR SPENDING SET FORTH IN SECTION 20 (7) (b) OF ARTICLE X OF THE STATE CONSTITUTION.

(3) A CHARTER SCHOOL THAT CHOOSES TO FINANCE CAPITAL CONSTRUCTION WITH REVENUES FROM BONDS ISSUED ON BEHALF OF THE CHARTER SCHOOL BY THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY CREATED IN SECTION 23-15-104 (1) (a), C.R.S., AND THAT ALSO CHOOSES TO RELY UPON THE EXISTENCE OF THE CHARTER SCHOOL DEBT RESERVE FUND TO OBTAIN MORE FAVORABLE FINANCING TERMS SHALL PAY TO THE STATE TREASURER, AT THE TIME ANY BOND PAYMENT IS DUE, AN AMOUNT EQUAL TO TEN PERCENT OF THE REDUCTION IN THE AMOUNT OF THE PAYMENT RESULTING FROM THE MORE FAVORABLE FINANCING TERMS. AT THE TIME THE BONDS ARE ISSUED, THE CHARTER SCHOOL SHALL OBTAIN AND PROVIDE TO THE STATE TREASURER SUFFICIENT DOCUMENTATION OF THE SAVINGS RESULTING FROM THE CHARTER SCHOOL'S ABILITY TO OBTAIN MORE FAVORABLE FINANCING TERMS BY RELYING UPON THE EXISTENCE OF THE CHARTER SCHOOL DEBT RESERVE FUND. THE STATE TREASURER SHALL CREDIT ANY PAYMENT RECEIVED PURSUANT TO THIS SUBSECTION (3) TO THE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT.

(4) (a) MONEYS IN THE CHARTER SCHOOL DEBT RESERVE FUND ARE HEREBY CONTINUOUSLY APPROPRIATED TO THE STATE TREASURER, WHO SHALL EXPEND SUCH MONEYS SOLELY FOR THE PURPOSE OF PAYING

PRINCIPAL AND INTEREST ON BONDS ISSUED ON BEHALF OF A CHARTER SCHOOL BY THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY AND ONLY IF:

(I) THE STATE TREASURER HAS BEEN NOTIFIED AND HAS CONFIRMED, IN ACCORDANCE WITH PARAGRAPH (b) OF THIS SUBSECTION (4), THAT THE CHARTER SCHOOL HAS EXPENDED ALL MONEYS IN ITS OWN DEBT SERVICE RESERVE FUND OR ACCOUNT THAT HAS BEEN FUNDED WITH PROCEEDS DERIVED FROM THE ISSUANCE OF THE BONDS AND IS UNABLE TO MAKE BOND PAYMENTS; AND

(II) THE CHARTER SCHOOL HAS RELIED UPON THE EXISTENCE OF THE CHARTER SCHOOL DEBT RESERVE FUND TO OBTAIN MORE FAVORABLE FINANCING TERMS FOR THE BONDS AND HAS MADE PAYMENTS TO THE STATE TREASURER AS REQUIRED BY SUBSECTION (3) OF THIS SECTION.

(b) WHENEVER THE TRUSTEE RESPONSIBLE FOR MAKING PAYMENTS TO THE HOLDERS OF ANY BONDS ISSUED ON BEHALF OF A CHARTER SCHOOL BY THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY FOR WHICH THE CHARTER SCHOOL HAS OBTAINED MORE FAVORABLE FINANCING TERMS BY RELYING ON THE EXISTENCE OF THE CHARTER SCHOOL DEBT RESERVE FUND HAS NOT RECEIVED PAYMENT OF PRINCIPAL OR INTEREST ON THE BONDS ON THE BUSINESS DAY IMMEDIATELY PRIOR TO THE DATE ON WHICH SUCH PAYMENT IS DUE, THE TRUSTEE SHALL SO NOTIFY THE STATE TREASURER AND THE CHARTER SCHOOL BY TELEPHONE, FACSIMILE, OR OTHER SIMILAR COMMUNICATION, FOLLOWED BY WRITTEN VERIFICATION, OF SUCH PAYMENT STATUS. THE STATE TREASURER SHALL IMMEDIATELY CONTACT THE CHARTER SCHOOL AND DETERMINE WHETHER THE CHARTER SCHOOL WILL MAKE THE PAYMENT BY THE DATE ON WHICH IT IS DUE AND, IF THE STATE TREASURER CONFIRMS THAT THE CHARTER SCHOOL WILL NOT MAKE THE PAYMENT, THE STATE TREASURER SHALL MAKE THE PAYMENT.

(c) THE STATE TREASURER SHALL EXPEND ALL MONEYS IN THE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT BEFORE EXPENDING ANY OTHER MONEYS IN THE CHARTER SCHOOL DEBT RESERVE FUND.

(d) IF THE STATE TREASURER EXPENDS MONEYS FROM THE PORTION OF THE CHARTER SCHOOL DEBT RESERVE FUND THAT IS NOT THE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT, THE STATE TREASURER SHALL WITHHOLD CHARTER SCHOOL PER PUPIL FACILITIES AID PROGRAM MONEYS TO THE EXTENT NECESSARY TO RESTORE THAT PORTION OF THE CHARTER

SCHOOL DEBT RESERVE FUND, BY THE TRANSFER OF ALL WITHHELD AMOUNTS FROM THE STATE EDUCATION FUND TO THAT PORTION OF THE CHARTER SCHOOL DEBT RESERVE FUND, TO A ONE MILLION DOLLAR BALANCE IN ACCORDANCE WITH THE FOLLOWING REQUIREMENTS:

(I) EACH CHARTER SCHOOL THAT HAS RELIED UPON THE EXISTENCE OF THE CHARTER SCHOOL DEBT RESERVE FUND TO OBTAIN MORE FAVORABLE FINANCING TERMS FOR BONDS ISSUED ON ITS BEHALF BY THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY SHALL HAVE ITS PAYMENTS REDUCED BY THE SAME PERCENTAGE AND BY A MAXIMUM OF FIFTY PERCENT.

(II) IF, IN ANY GIVEN FISCAL YEAR, THE STATE TREASURER DETERMINES THAT AFTER WITHHOLDING OF THE MAXIMUM AMOUNT OF CHARTER SCHOOL PER PUPIL FACILITIES AID PROGRAM MONEYS THAT MAY BE WITHHELD PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (d) THE PORTION OF THE CHARTER SCHOOL DEBT RESERVE FUND THAT IS NOT THE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT WILL NOT BE RESTORED TO A ONE MILLION DOLLAR BALANCE, EACH CHARTER SCHOOL THAT HAS NOT RELIED UPON THE EXISTENCE OF THE CHARTER SCHOOL DEBT RESERVE FUND TO OBTAIN MORE FAVORABLE FINANCING TERMS FOR BONDS ISSUED BY THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY SHALL HAVE ITS PAYMENT REDUCED BY THE SAME PERCENTAGE AND BY A MAXIMUM OF TEN PERCENT.

(5) THIS SECTION SHALL NOT BE CONSTRUED TO CREATE ANY STATE DEBT, TO REQUIRE THE STATE TO MAKE ANY BOND PAYMENTS ON BEHALF OF ANY CHARTER SCHOOL FROM ANY SOURCE OF STATE MONEYS OTHER THAN THE CHARTER SCHOOL DEBT RESERVE FUND, OR TO REQUIRE THE STATE TO FULLY PAY OFF ANY OUTSTANDING BONDS OF A CHARTER SCHOOL THAT CANNOT MAKE SCHEDULED BOND PAYMENTS.

22-30.5-408. Replenishment of qualified charter school debt service reserve funds. (1) AS USED IN THIS SECTION:

(a) "INVESTMENT GRADE" MEANS DEBT OBLIGATIONS THAT ARE RATED IN ONE OF THE FOUR HIGHEST INVESTMENT RATING CATEGORIES BY ONE OR MORE NATIONALLY RECOGNIZED RATING AGENCIES.

(b) "QUALIFIED CHARTER SCHOOL" MEANS A CHARTER SCHOOL

WHOSE DEBT IS RATED AT LEAST INVESTMENT GRADE BY A NATIONALLY RECOGNIZED RATING AGENCY PRIOR TO THE ISSUANCE OF ANY QUALIFIED CHARTER SCHOOL BONDS ON BEHALF OF THE CHARTER SCHOOL BY THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY PURSUANT TO THE "COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY ACT", ARTICLE 15 OF TITLE 23, C.R.S.

(c) "QUALIFIED CHARTER SCHOOL BONDS" MEANS BONDS THAT ARE ISSUED BY THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY FOR THE PURPOSE OF FINANCING A FACILITY TO BE USED FOR OCCUPANCY BY PUPILS ENROLLED IN A CHARTER SCHOOL.

(d) "QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE FUND REQUIREMENT" MEANS THE LEVEL OF FUNDING REQUIRED FOR A QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE FUND AS SPECIFIED IN THE TRUST INDENTURE OR RESOLUTION PURSUANT TO WHICH QUALIFIED CHARTER SCHOOL BONDS HAVE BEEN ISSUED.

(e) "QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE REQUIREMENT" MEANS A REASONABLY REQUIRED DEBT SERVICE RESERVE FUND OR ACCOUNT THAT HAS BEEN FUNDED WITH PROCEEDS DERIVED FROM THE ISSUANCE OF QUALIFIED CHARTER SCHOOL BONDS.

(f) "RATING AGENCY" MEANS ANY NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION AS DEFINED UNDER RULE 2a-7 OF THE "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, 17 CFR 270.2a-7 (a) (17).

(2) (a) NO LATER THAN JANUARY 15, 2003, AND NO LATER THAN JANUARY 15 OF EACH SUCCEEDING YEAR, IF THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY HAS ISSUED QUALIFIED CHARTER SCHOOL BONDS ON BEHALF OF ANY CHARTER SCHOOL THAT HAS FAILED DURING THE PRIOR CALENDAR YEAR TO RESTORE ITS QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE FUND TO THE APPLICABLE QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE FUND REQUIREMENT, THE BOARD OF DIRECTORS OF THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY SHALL SUBMIT TO THE GOVERNOR A CERTIFICATE CERTIFYING ANY AMOUNT OF MONEYS REQUIRED TO RESTORE THE QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE FUND TO THE APPLICABLE QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE FUND REQUIREMENT. THE GOVERNOR MAY, IN THE GOVERNOR'S DISCRETION, SUBMIT A REQUEST FOR

APPROPRIATIONS IN AN AMOUNT SUFFICIENT TO RESTORE ANY OR ALL QUALIFIED CHARTER SCHOOL DEBT RESERVE FUNDS TO THEIR RESPECTIVE QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE FUND REQUIREMENTS AND THE GENERAL ASSEMBLY MAY, BUT SHALL NOT BE REQUIRED TO, APPROPRIATE MONEYS FOR SAID PURPOSE. IF, IN ITS SOLE DISCRETION, THE GENERAL ASSEMBLY APPROPRIATES ANY MONEYS FOR SAID PURPOSE, THE AGGREGATE AMOUNT OF MONEYS THAT MAY BE APPROPRIATED FOR SAID PURPOSE SHALL NOT EXCEED TWO HUNDRED MILLION DOLLARS.

(b) ANY MONEYS APPROPRIATED FOR THE PURPOSE OF RESTORING ANY QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE FUND TO ITS QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE FUND REQUIREMENT SHALL BE DEPOSITED INTO THE APPLICABLE QUALIFIED CHARTER SCHOOL DEBT SERVICE RESERVE FUND.

(3) THIS SECTION SHALL NOT BE CONSTRUED TO CREATE ANY DEBT OF THE STATE OR ANY STATE FINANCIAL OBLIGATION WHATSOEVER WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR TO CREATE ANY STATE LIABILITY WHATSOEVER.

22-30.5-409. Annual reports on bonds issued on behalf of charter schools - review by state auditor. (1) PRIOR TO JANUARY 30, 2003, AND PRIOR TO JANUARY 30 OF EACH YEAR THEREAFTER, THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY CREATED IN SECTION 23-15-104 (1) (a), C.R.S., SHALL SUBMIT A REPORT TO THE STATE AUDITOR THAT INCLUDES INFORMATION CONCERNING THE ISSUANCE OF QUALIFIED CHARTER SCHOOL BONDS, AS DEFINED IN SECTION 22-30.5-408 (1) (c), THAT HAVE RESULTED IN CHARTER SCHOOLS OBTAINING MORE FAVORABLE FINANCING TERMS BY RELIANCE ON THE EXISTENCE OF THE CHARTER SCHOOL DEBT RESERVE FUND CREATED IN SECTION 22-30.5-407 (2) (a) AND THE POTENTIAL REPLENISHMENT OF THE CHARTER SCHOOL DEBT RESERVE FUND PURSUANT TO SECTION 22-30.5-408 (2) (a). SUCH REPORT SHALL INCLUDE, BUT NEED NOT BE LIMITED TO:

(a) THE TOTAL AMOUNT OF SUCH QUALIFIED CHARTER SCHOOL BONDS ISSUED DURING THE MOST RECENTLY COMPLETED CALENDAR YEAR;

(b) THE CHARTER SCHOOLS ON WHOSE BEHALF SUCH QUALIFIED CHARTER SCHOOL BONDS WERE ISSUED;

(c) AN ITEMIZATION OF THE CHARTER SCHOOL FACILITIES FOR WHICH

SUCH QUALIFIED CHARTER SCHOOL BONDS WERE ISSUED, THE TOTAL COST OF EACH SUCH CHARTER SCHOOL FACILITY, AND THE PERCENTAGE OF THE TOTAL COST OF EACH SUCH FACILITY TO BE PAID FROM THE PROCEEDS OBTAINED FROM THE ISSUANCE OF SUCH QUALIFIED CHARTER SCHOOL BONDS;

(d) THE INVESTMENT RATINGS OF SUCH QUALIFIED CHARTER SCHOOL BONDS;

(e) THE TOTAL AMOUNT OF NET AND GROSS PROCEEDS OBTAINED FROM THE ISSUANCE OF SUCH QUALIFIED CHARTER SCHOOL BONDS DURING THE MOST RECENTLY COMPLETED CALENDAR YEAR;

(f) THE TOTAL AMOUNT OF SUCH OUTSTANDING QUALIFIED CHARTER SCHOOL BONDS;

(g) THE TOTAL AMOUNT OF ANNUAL INSTALLMENTS OF PRINCIPAL AND INTEREST ON SUCH QUALIFIED CHARTER SCHOOL BONDS THAT WERE SCHEDULED TO BE PAID DURING THE MOST RECENTLY COMPLETED CALENDAR YEAR, THE TOTAL AMOUNT OF SUCH ANNUAL INSTALLMENTS ACTUALLY PAID DURING THE MOST RECENTLY COMPLETED CALENDAR YEAR, AND THE TOTAL AMOUNT OF SUCH ANNUAL INSTALLMENTS SCHEDULED TO BE PAID DURING THE CURRENT CALENDAR YEAR AND FUTURE CALENDAR YEARS;

(h) THE TOTAL AMOUNT, IF ANY, OF MONEYS EXPENDED FROM EACH CHARTER SCHOOL'S OWN DEBT SERVICE RESERVE FUND OR ACCOUNT DURING THE MOST RECENTLY COMPLETED CALENDAR YEAR FOR THE PURPOSE OF PAYING PRINCIPAL AND INTEREST ON SUCH QUALIFIED CHARTER SCHOOL BONDS; AND

(i) THE TOTAL AMOUNT, IF ANY, OF MONEYS EXPENDED FROM THE CHARTER SCHOOL DEBT RESERVE FUND DURING THE MOST RECENTLY COMPLETED CALENDAR YEAR FOR THE PURPOSE OF PAYING PRINCIPAL AND INTEREST ON SUCH QUALIFIED CHARTER SCHOOL BONDS.

(2) NO LATER THAN MARCH 1, 2002, AND NO LATER THAN MARCH 1 EACH YEAR THEREAFTER, THE STATE AUDITOR SHALL EXAMINE THE REPORT SUBMITTED IN ACCORDANCE WITH SUBSECTION (1) OF THIS SECTION AND, UPON COMPLETION OF SUCH REVIEW, SHALL REPORT ANY FINDINGS REGARDING SAID SUBMITTED REPORT TO THE EDUCATION COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES, THE LEGISLATIVE AUDIT COMMITTEE, THE CAPITAL DEVELOPMENT COMMITTEE, THE JOINT BUDGET

COMMITTEE, AND THE DEPARTMENT OF EDUCATION.

SECTION 32. 2-3-115 (1) (a), Colorado Revised Statutes, is amended to read:

2-3-115. Use of state education fund moneys for school capital construction - audits - reports. (1) For the 2001-02 school district budget year and each school district budget year thereafter, for the purpose of determining the amount of state education fund moneys expended by each school district in the state for capital construction and identifying the schools and projects on which school districts expended such moneys, the state auditor shall annually examine the records of each school district in the state that received state education fund moneys for the budget year:

(a) Directly from the department of education for capital construction aid to qualified charter schools, as defined in section 22-54-124 (1) (f) OR (1) (f.5), C.R.S., WHICHEVER IS APPLICABLE, in accordance with section 22-54-124 (4), C.R.S.; or

SECTION 33. 22-30.5-105 (2), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

22-30.5-105. Charter schools - contract contents - regulations - repeal. (2) (c) ANY CONTRACT BETWEEN A CHARTER SCHOOL AND A LOCAL BOARD OF EDUCATION APPROVED ON OR AFTER JULY 1, 2002, SHALL SPECIFY:

(I) IF THE CONTRACT IS NOT A RENEWAL OF AN EXPIRING CONTRACT, THE MANNER IN WHICH THE SCHOOL DISTRICT GOVERNED BY THE LOCAL BOARD OF EDUCATION WILL SUPPORT ANY START-UP FACILITY NEEDS OF THE CHARTER SCHOOL;

(II) THE MANNER IN WHICH THE SCHOOL DISTRICT GOVERNED BY THE LOCAL BOARD OF EDUCATION WILL SUPPORT ANY LONG-TERM FACILITY NEEDS OF THE CHARTER SCHOOL; AND

(III) THE ACTIONS THAT THE CHARTER SCHOOL MUST TAKE IN ORDER TO:

(A) HAVE ITS CAPITAL CONSTRUCTION NEEDS INCLUDED AS PART OF THE NEXT BALLOT QUESTION FOR APPROVAL OF BONDED INDEBTEDNESS TO

BE SUBMITTED BY THE LOCAL BOARD OF EDUCATION OF ITS CHARTERING SCHOOL DISTRICT TO THE VOTERS OF THE DISTRICT; OR

(B) HAVE THE LOCAL BOARD OF EDUCATION SUBMIT A BALLOT QUESTION FOR APPROVAL OF A SPECIAL MILL LEVY TO FINANCE THE CAPITAL CONSTRUCTION NEEDS OF THE CHARTER SCHOOL TO THE VOTERS OF THE DISTRICT PURSUANT TO SECTION 22-30.5-405.

SECTION 34. 22-30.5-112 (2), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

22-30.5-112. Charter schools - financing - guidelines.

(2) (a.9) FOR BUDGET YEAR 2002-03 AND BUDGET YEARS THEREAFTER, AND IN ACCORDANCE WITH SECTION 22-30.5-406, THE FUNDING PROVIDED BY A CHARTERING SCHOOL DISTRICT TO A CHARTER SCHOOL PURSUANT TO THIS SUBSECTION (2) SHALL BE REDUCED BY THE AMOUNT OF ANY DIRECT PAYMENTS OF PRINCIPAL AND INTEREST DUE ON BONDS ISSUED ON BEHALF OF A CHARTER SCHOOL BY A GOVERNMENTAL ENTITY OTHER THAN A SCHOOL DISTRICT FOR THE PURPOSE OF FINANCING CHARTER SCHOOL CAPITAL CONSTRUCTION THAT WERE MADE BY THE STATE TREASURER OR THE CHARTERING SCHOOL DISTRICT ON BEHALF OF THE CHARTER SCHOOL.

SECTION 35. 22-32-110 (1) (f), Colorado Revised Statutes, is amended to read:

22-32-110. Board of education - specific powers - repeal. (1) In addition to any other power granted to a board of education of a school district by law, each board of education of a school district shall have the following specific powers, to be exercised in its judgment:

(f) To rent or lease district property not needed for its purposes for terms not exceeding ten years, OR IN THE CASE OF UNIMPROVED REAL PROPERTY LEASED TO A LESSEE THAT IS A CHARTER SCHOOL AS DEFINED IN SECTION 22-30.5-403 (3), FOR A TERM NOT EXCEEDING THIRTY YEARS, OR IN THE CASE OF A CHARTER SCHOOL USING DEBT FINANCING, FOR A TERM NOT EXCEEDING THE TERM OF THE DEBT FINANCING, subject to all land use and building and zoning plans, codes, resolutions, and regulations, and to permit the use of district property by community organizations upon such terms and conditions as it may approve. No finding that the property is not needed for the district's purposes shall be necessary if the board anticipates

that the district will become the subtenant of the property under a sublease, and under such circumstances the term of the lease may exceed ten years but may not exceed fifty years.

SECTION 36. 22-54-115 (3) (a), Colorado Revised Statutes, is amended to read:

22-54-115. Distribution from state public school fund. (3) No later than the twenty-fifth day of each month, the state treasurer shall:

(a) Pay the amount certified, LESS THE TOTAL AMOUNT OF ANY DIRECT PAYMENTS MADE BY THE STATE TREASURER ON BEHALF OF CHARTER SCHOOLS CHARTERED BY EACH SCHOOL DISTRICT OF ANY PRINCIPAL AND INTEREST DUE ON BONDS PURSUANT TO SECTION 22-30.5-406 directly to the treasurer of each district or, in accordance with written instructions from the district, directly to an account designated by the district that allows the district to retain title to the funds; and

SECTION 37. 22-54-124, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-54-124. State aid for charter schools - use of state education fund moneys. (8) THE GENERAL ASSEMBLY HEREBY FINDS THAT WITH THE ADOPTION OF THE NEW DEFINITION OF "QUALIFIED CHARTER" SCHOOL, ENACTED IN HOUSE BILL 02-1349 DURING THE SECOND REGULAR SESSION OF THE SIXTY-THIRD GENERAL ASSEMBLY, THE PROGRAM CREATED IN THIS SECTION IS A NEW PROGRAM AS OF THE EFFECTIVE DATE OF SAID ACT AND THAT THE GENERAL ASSEMBLY ENACTED SUCH NEW PROGRAM IN ORDER TO MEET THE ELIGIBILITY REQUIREMENTS OF THE INCENTIVE GRANT PROGRAM INCLUDED IN THE FEDERAL "NO CHILD LEFT BEHIND ACT OF 2001", P.L. NO. 107-110.

SECTION 38. 22-54-124 (1) (f) and (3), Colorado Revised Statutes, are amended, and the said 22-54-124 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

22-54-124. State aid for charter schools - use of state education fund moneys. (1) As used in this section:

(f) FOR BUDGET YEARS COMMENCING BEFORE JULY 1, 2002,

"qualified charter school" means:

(I) A charter school that will receive funding from a district pursuant to section 22-30.5-112 for the budget year for which state education fund moneys are to be appropriated and distributed pursuant to subsection (4) of this section, that received such funding from the district for the budget year two years prior to the budget year for which state education fund moneys are to be appropriated, and that expended more than three percent of its operating revenues for said prior budget year for capital construction; or

(II) Any other charter school if:

(A) The charter school will receive funding from a district pursuant to section 22-30.5-112 for the budget year for which state education fund moneys are to be appropriated and distributed pursuant to subsection (4) of this section; and

(B) The proposed budget for the charter school submitted by the charter school to the district that granted its charter for the budget year for which state education fund moneys are to be appropriated and distributed pursuant to subsection (4) of this section indicates that the charter school will expend more than three percent of its operating revenues for said budget year for capital construction.

(f.5) FOR BUDGET YEARS COMMENCING ON OR AFTER JULY 1, 2002, "QUALIFIED CHARTER SCHOOL" MEANS A CHARTER SCHOOL; EXCEPT THAT THE TERM DOES NOT INCLUDE A CHARTER SCHOOL THAT OPERATES, OR THAT WILL OPERATE IN THE NEXT BUDGET YEAR, WITHIN A FACILITY THAT IS LISTED ON THE STATE INVENTORY OF REAL PROPERTY AND IMPROVEMENTS AND OTHER CAPITAL ASSETS MAINTAINED BY THE DEPARTMENT OF PERSONNEL PURSUANT TO SECTION 24-30-1303.5, C.R.S.

(3) (a) (I) The amount of state education fund moneys to be distributed to an eligible district for the 2001-02 budget year ~~and each budget year thereafter~~ shall be calculated by multiplying the district's certified charter school pupil enrollment by an amount equal to one hundred thirty percent of the minimum capital reserve amount per pupil.

(II) THE TOTAL AMOUNT OF STATE EDUCATION FUND MONEYS TO BE DISTRIBUTED TO ALL ELIGIBLE DISTRICTS FOR THE 2002-03 BUDGET YEAR

SHALL BE SEVEN MILLION EIGHT HUNDRED THIRTEEN THOUSAND NINE HUNDRED FORTY-THREE DOLLARS.

(III) (A) THE TOTAL AMOUNT OF STATE EDUCATION FUND MONEYS TO BE DISTRIBUTED TO ALL ELIGIBLE DISTRICTS FOR EACH BUDGET YEAR FROM THE 2003-04 BUDGET YEAR THROUGH THE 2011-12 BUDGET YEAR SHALL BE AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF STATE EDUCATION FUND MONEYS DISTRIBUTED TO ALL ELIGIBLE DISTRICTS FOR THE PRECEDING BUDGET YEAR PURSUANT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH (a) OR THIS SUB-SUBPARAGRAPH (A), WHICHEVER IS APPLICABLE, INCREASED BY THE RATE OF INFLATION FOR THE CALENDAR YEAR ENDING IN THE PRECEDING BUDGET YEAR PLUS ONE PERCENTAGE POINT. THE TOTAL AMOUNT OF STATE EDUCATION FUND MONEYS TO BE DISTRIBUTED TO ALL ELIGIBLE DISTRICTS FOR THE 2012-13 BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER SHALL BE AN AMOUNT EQUAL TO THE TOTAL AMOUNT DISTRIBUTED TO ALL ELIGIBLE DISTRICTS PURSUANT TO THIS SUB-SUBPARAGRAPH (A) FOR THE PRECEDING BUDGET YEAR INCREASED BY THE RATE OF INFLATION FOR THE CALENDAR YEAR ENDING IN THE PRECEDING BUDGET YEAR.

(B) FOR THE 2002-03 BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER, THE AMOUNT OF STATE EDUCATION FUND MONEYS TO BE DISTRIBUTED TO AN ELIGIBLE DISTRICT SHALL BE AN AMOUNT EQUAL TO THE PERCENTAGE OF THE SUM OF THE DISTRICT'S CERTIFIED CHARTER SCHOOL PUPIL ENROLLMENT FOR ALL ELIGIBLE DISTRICTS IN THE STATE THAT IS ATTRIBUTABLE TO THE ELIGIBLE DISTRICT MULTIPLIED BY THE TOTAL AMOUNT OF STATE EDUCATION FUND MONEYS DISTRIBUTED TO ALL ELIGIBLE DISTRICTS FOR THE SAME BUDGET YEAR PURSUANT TO SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (III).

(b) No later than February 1 of each budget year, the department of education shall certify to the education committees of the senate and the house of representatives and the joint budget committee of the general assembly the total number of pupils expected to be enrolled in all qualified charter schools in the state during the next budget year, as derived from reports provided to the department by districts pursuant to section 22-30.5-112 (1). FOR THE PURPOSES OF ANY CERTIFICATION MADE DURING THE 2002-03 BUDGET YEAR AND BUDGET YEARS THEREAFTER, A PUPIL EXPECTED TO BE ENROLLED IN A QUALIFIED CHARTER SCHOOL THAT WILL BE OPERATING IN A SCHOOL DISTRICT FACILITY AND THAT DOES NOT HAVE ONGOING FINANCIAL OBLIGATIONS INCURRED TO REPAY THE OUTSTANDING COSTS OF NEW CONSTRUCTION UNDERTAKEN FOR THE CHARTER SCHOOL'S

BENEFIT SHALL BE COUNTED AS ONE-HALF OF ONE PUPIL.

SECTION 39. Part 6 of article 7 of title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

22-7-603.7. Academic growth pilot program - legislative declaration - creation. (1) **Legislative declaration.** THE GENERAL ASSEMBLY HEREBY FINDS THAT:

(a) IN 1993, THE GENERAL ASSEMBLY ADOPTED HOUSE BILL 93-1313, ESTABLISHING STATE MODEL CONTENT STANDARDS IN SEVERAL AREAS, INCLUDING READING, WRITING, AND MATHEMATICS, AND DIRECTING SCHOOL DISTRICTS TO ADOPT DISTRICT STANDARDS IN THESE AREAS;

(b) THE STATE MODEL CONTENT STANDARDS WERE DESIGNED TO MEASURE WHAT EACH CHILD SHOULD KNOW AND BE ABLE TO DO AT VARIOUS LEVELS OF DEVELOPMENT IN THE CHILD'S ACADEMIC CAREER;

(c) IN 1997, COLORADO BEGAN IMPLEMENTING THE COLORADO STUDENT ASSESSMENT PROGRAM TO MEASURE WHETHER STUDENTS WERE SUCCESSFULLY MEETING THE STATE MODEL CONTENT STANDARDS;

(d) A NEXT STEP IN IMPLEMENTING CONTENT STANDARDS IN EDUCATION IS TO IDENTIFY HOW MUCH ACADEMIC GROWTH IS REQUIRED TO MEET EACH LEVEL OF CONTENT STANDARD AND TO MEASURE WHETHER STUDENTS ARE ACHIEVING THIS GROWTH;

(e) THE GOAL FOR MOST STUDENTS, NO MATTER WHERE A STUDENT STARTS, IS TO ACHIEVE ACADEMIC GROWTH EQUIVALENT TO AT LEAST ONE ACADEMIC GRADE DURING A SCHOOL YEAR, AND, FOR STUDENTS WHOSE LEVEL OF ACHIEVEMENT IS BELOW PROFICIENT, THE GOAL IS TO ACHIEVE ACADEMIC GROWTH EQUIVALENT TO MORE THAN AN ACADEMIC GRADE DURING A SCHOOL YEAR;

(f) ANNUALLY TESTING EACH STUDENT TO DETERMINE HIS OR HER LEVEL OF PROFICIENCY IN READING, WRITING, AND MATHEMATICS WILL NOT, ALONE, INDICATE WHETHER THE STUDENT IS PROGRESSING IN HIS OR HER LEARNING AT A SATISFACTORY PACE AND WHETHER THE STUDENT HAS ACTUALLY ACHIEVED A YEAR'S WORTH OF ACADEMIC GROWTH BETWEEN TESTING PERIODS;

(g) THE NUMERIC CSAP SCORES RECEIVED BY EACH STUDENT IN SUCCESSIVE SCHOOL YEARS CAN BE USED TO PROVIDE A MEASURE THAT WILL INDICATE THE STUDENT'S DEGREE OF ACADEMIC GROWTH OVER TIME;

(h) ESTABLISHING A SYSTEM FOR MEASURING ACTUAL ACADEMIC GROWTH WILL INCREASE PARENTS' UNDERSTANDING OF THEIR CHILDREN'S ACTUAL ACADEMIC PROGRESS, ASSIST TEACHERS IN MEETING EACH STUDENT'S ACADEMIC NEEDS AND RAISING EACH STUDENT'S RATE OF ACADEMIC GROWTH, AND INCREASE EACH PUBLIC SCHOOL'S AND SCHOOL DISTRICT'S LEVEL OF ACCOUNTABILITY FOR THE EDUCATIONAL SERVICES IT PROVIDES;

(i) MEASURING EACH STUDENT'S ACADEMIC GROWTH OVER TIME WILL PROVIDE NECESSARY INFORMATION TO ASSIST PARENTS, TEACHERS, SCHOOLS, AND SCHOOL DISTRICTS IN IDENTIFYING STUDENTS WHO NEED ADDITIONAL ASSISTANCE AND IN MEASURING THOSE STUDENTS' PERFORMANCE OVER TIME TO CLOSE THE LEARNING GAP THAT SOMETIMES EXISTS AMONG STUDENTS IN THE SAME CLASSROOMS;

(j) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO ADOPT LEGISLATION TO IMPLEMENT A PROCESS FOR MEASURING ACADEMIC GROWTH THAT WILL CREATE A COOPERATIVE ATMOSPHERE AMONG STUDENTS, PARENTS, TEACHERS, SCHOOL DISTRICT ADMINISTRATORS, THE DEPARTMENT OF EDUCATION, AND THE STATE BOARD OF EDUCATION AND WILL PROVIDE THE GREATEST BENEFIT TO THE ACADEMIC GROWTH OF STUDENTS IN THIS STATE.

(2) Pilot program created. (a) THERE IS HEREBY CREATED THE ACADEMIC GROWTH PILOT PROGRAM, REFERRED TO IN THIS SECTION AS THE "PILOT PROGRAM", TO USE STUDENTS' CSAP SCORES OVER TIME TO MEASURE THE ACADEMIC GROWTH OF EACH STUDENT AND DETERMINE WHETHER EACH STUDENT IS ACHIEVING APPROPRIATE RATES OF ACADEMIC GROWTH OVER THE PERIODS BETWEEN THE ADMINISTRATION OF CSAP ASSESSMENTS.

(b) PARTICIPATION IN THE ACADEMIC GROWTH PILOT PROGRAM SHALL BE ON A SCHOOL-DISTRICT BASIS AND SHALL BE VOLUNTARY UNTIL THE 2005-06 SCHOOL YEAR. EACH SCHOOL DISTRICT THAT CHOOSES TO PARTICIPATE IN THE PILOT PROGRAM MAY CHOOSE TO INCLUDE ALL OF THE SCHOOL DISTRICT'S SCHOOLS, INCLUDING ITS CHARTER SCHOOLS, IN THE PILOT PROGRAM OR MAY SELECT THOSE SCHOOLS WITHIN THE SCHOOL

DISTRICT THAT WILL PARTICIPATE IN THE PILOT PROGRAM. EACH SCHOOL DISTRICT IS STRONGLY ENCOURAGED TO PARTICIPATE IN THE PILOT PROGRAM AND TO ENCOURAGE EACH OF ITS SCHOOLS, INCLUDING ITS CHARTER SCHOOLS, TO PARTICIPATE IN THE PILOT PROGRAM.

(3) **Full implementation of program.** BEGINNING WITH THE 2005-06 SCHOOL YEAR, THE PILOT PROGRAM SHALL CEASE OPERATING AS A PILOT PROGRAM AND EVERY SCHOOL DISTRICT IN THE STATE SHALL PARTICIPATE IN THE ACADEMIC GROWTH PROGRAM. FOR THE 2005-06 SCHOOL YEAR, AND EACH SCHOOL YEAR THEREAFTER, EACH PUBLIC SCHOOL IN EACH SCHOOL DISTRICT, INCLUDING EACH CHARTER SCHOOL, SHALL RECEIVE AN ACADEMIC GROWTH RATING. EACH SCHOOL DISTRICT IS STRONGLY ENCOURAGED TO INCLUDE THE ACADEMIC GROWTH RATING FOR EACH PUBLIC SCHOOL IN THE SCHOOL DISTRICT ON THE SCHOOL DISTRICT'S WEB SITE AND TO PROVIDE ADDITIONAL PUBLIC NOTICE OF THE ACADEMIC GROWTH RATINGS ACHIEVED BY EACH PUBLIC SCHOOL IN THE SCHOOL DISTRICT.

(4) **Full year of growth - determination.** (a) ON OR BEFORE JULY 1, 2003, THE DEPARTMENT, USING THE DATA COLLECTED FOR LONGITUDINAL ANALYSIS AS REQUIRED IN SECTION 22-7-603.5, SHALL DETERMINE THE LEVELS OF INCREASE THAT CONSTITUTE A FULL YEAR OF ACADEMIC GROWTH IN READING AT EACH GRADE LEVEL TESTED BY THE CSAP. ON OR BEFORE JULY 1, 2004, THE DEPARTMENT, USING THE DATA FOR LONGITUDINAL ANALYSIS, SHALL DETERMINE THE LEVELS OF INCREASE THAT CONSTITUTE A FULL YEAR OF ACADEMIC GROWTH IN WRITING AND MATHEMATICS AT EACH GRADE LEVEL TESTED BY THE CSAP. THE DEPARTMENT SHALL USE THE DATA FOR LONGITUDINAL ANALYSIS TO REVIEW AND REVISE THE DETERMINATION OF ACADEMIC GROWTH AS NECESSARY.

(b) THE STATE BOARD SHALL PROMULGATE RULES ESTABLISHING CATEGORIES OF ACADEMIC GROWTH REFLECTING UNSATISFACTORY, LOW, AVERAGE, HIGH, AND EXCELLENT GROWTH, BASED ON THE AMOUNT OF ACADEMIC GROWTH ACHIEVED OVER THE PERIODS BETWEEN THE ADMINISTRATION OF CSAP ASSESSMENTS. THE AMOUNT OF ACADEMIC GROWTH SHALL BE BASED ON THE ACADEMIC GROWTH LEVELS IDENTIFIED BY THE DEPARTMENT PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (4). THE STATE BOARD SHALL REVIEW AND REVISE THE CATEGORIES OF ACADEMIC GROWTH AS NECESSARY.

(5) Information provided by department. (a) (I) ON OR BEFORE AUGUST 1, 2003, THE DEPARTMENT SHALL PROVIDE TO EACH SCHOOL DISTRICT PARTICIPATING IN THE PILOT PROGRAM AN ACADEMIC GROWTH INFORMATION REPORT FOR EACH STUDENT ENROLLED IN A PARTICIPATING PUBLIC SCHOOL OF THE PARTICIPATING SCHOOL DISTRICT, BASED ON THE CSAP ASSESSMENT RESULTS FOR THE 2002-03 SCHOOL YEAR. THE ACADEMIC GROWTH INFORMATION REPORT SHALL INCLUDE THE STUDENT'S CSAP SCORES FOR EACH CSAP ASSESSMENT TAKEN BY THE STUDENT WHILE ENROLLED AT A PUBLIC SCHOOL IN THIS STATE AND THE GROWTH AMOUNTS THAT INDICATE THE STUDENT'S LEVEL OF GROWTH IN READING OVER THE PERIOD BETWEEN THE ADMINISTRATION OF CSAP ASSESSMENTS.

(II) ON OR BEFORE JULY 15, 2004, THE DEPARTMENT SHALL PROVIDE TO EACH SCHOOL DISTRICT PARTICIPATING IN THE PILOT PROGRAM AN ACADEMIC GROWTH INFORMATION REPORT FOR EACH STUDENT ENROLLED IN A PARTICIPATING PUBLIC SCHOOL OF THE PARTICIPATING SCHOOL DISTRICT, BASED ON THE CSAP ASSESSMENT RESULTS FOR THE 2003-04 SCHOOL YEAR. THE ACADEMIC GROWTH INFORMATION REPORT SHALL INCLUDE THE STUDENT'S CSAP SCORES FOR EACH CSAP ASSESSMENT TAKEN BY THE STUDENT WHILE ENROLLED AT A PUBLIC SCHOOL IN THIS STATE AND THE GROWTH AMOUNTS THAT INDICATE THE STUDENT'S LEVEL OF GROWTH IN READING, WRITING, AND MATHEMATICS OVER THE PERIOD BETWEEN THE ADMINISTRATION OF CSAP ASSESSMENTS.

(III) ON OR BEFORE JULY 1, 2005, THE DEPARTMENT SHALL PROVIDE TO EACH SCHOOL DISTRICT PARTICIPATING IN THE PILOT PROGRAM AN ACADEMIC GROWTH INFORMATION REPORT, AS DESCRIBED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (a), FOR EACH STUDENT ENROLLED IN A PARTICIPATING PUBLIC SCHOOL OF THE PARTICIPATING SCHOOL DISTRICT, BASED ON THE CSAP ASSESSMENT RESULTS FOR THE 2004-05 SCHOOL YEAR.

(b) ON OR BEFORE JULY 1, 2006, AND ON OR BEFORE JULY 1 EACH YEAR THEREAFTER, THE DEPARTMENT SHALL PROVIDE TO EACH SCHOOL DISTRICT IN THE STATE AN ACADEMIC GROWTH INFORMATION REPORT, AS DESCRIBED IN SUBPARAGRAPH (II) OF PARAGRAPH (a) OF THIS SUBSECTION (5), FOR EACH STUDENT ENROLLED IN THE SCHOOL DISTRICT, BASED ON THE CSAP ASSESSMENT RESULTS FOR THE IMMEDIATELY PRECEDING SCHOOL YEAR.

(c) THE STATE BOARD SHALL PROMULGATE RULES ESTABLISHING THE PROCEDURES BY AND TIME FRAMES IN WHICH THE DEPARTMENT SHALL

PROVIDE THE ACADEMIC GROWTH INFORMATION REPORTS TO SCHOOL DISTRICTS. THE DEPARTMENT MAY PROVIDE THE ACADEMIC GROWTH INFORMATION REPORTS IN AN ELECTRONIC FORMAT.

(6) Request for proposals - contract with entity to provide reports and academic growth ratings. (a) ON OR BEFORE SEPTEMBER 1, 2002, AND ON OR BEFORE SEPTEMBER 1 EVERY FIVE YEARS THEREAFTER, THE DEPARTMENT SHALL ISSUE A REQUEST FOR PROPOSALS FROM PUBLIC OR PRIVATE ENTITIES TO CALCULATE ANNUALLY THE AMOUNT OF EACH STUDENT'S ACADEMIC GROWTH IN READING, AND BEGINNING JULY 1, 2004, IN READING, WRITING, AND MATHEMATICS, OVER THE PERIODS BETWEEN THE ADMINISTRATION OF CSAP ASSESSMENTS. THE CALCULATIONS SHALL BE BASED ON STUDENTS' CSAP SCORES.

(b) ON OR BEFORE JANUARY 15, 2003, AND ON OR BEFORE JANUARY 15 EVERY FIVE YEARS THEREAFTER, THE DEPARTMENT SHALL SELECT FROM AMONG THE RESPONSES RECEIVED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (6) AND CONTRACT WITH AN ENTITY TO PROVIDE THE INFORMATION SPECIFIED IN PARAGRAPH (a) OF THIS SUBSECTION (6). A CONTRACT ENTERED INTO PURSUANT TO THIS PARAGRAPH (b) SHALL BE FOR A TERM OF FIVE YEARS. ANY ENTITY WITH WHICH THE DEPARTMENT CONTRACTS SHALL, AT A MINIMUM, DEMONSTRATE THE FOLLOWING:

(I) EXPERIENCE WORKING WITH MIXED-MODEL STATISTICAL ANALYSIS;

(II) THE ABILITY TO WORK WITH TEST DATA FROM A VARIETY OF SOURCES AND TO PROVIDE A VARIETY OF ANALYSES OF SUCH DATA;

(III) THE ABILITY TO TREAT ANALYSIS AND REPORTING OF DATA ELECTRONICALLY;

(IV) CONSISTENT SUCCESS IN COMPLYING WITH DEADLINES AND TIME FRAMES FOR THE DELIVERY OF INFORMATION AND PRODUCTS; AND

(V) EXPERIENCE WORKING WITH SCHOOLS AND SCHOOL DISTRICTS.

(c) IN ADDITION TO CALCULATING THE AMOUNT OF ACADEMIC GROWTH, THE ENTITY SELECTED BY THE DEPARTMENT SHALL:

(I) PREPARE THE ACADEMIC GROWTH INFORMATION REPORTS DESCRIBED IN PARAGRAPH (a) OF SUBSECTION (5) OF THIS SECTION WITHIN THE DEADLINES SPECIFIED IN SUBSECTION (5) OF THIS SECTION;

(II) FOR THE 2002-03, 2003-04, AND 2004-05 SCHOOL YEARS, CALCULATE THE ACADEMIC GROWTH RATING FOR EACH PUBLIC SCHOOL THAT IS PARTICIPATING IN THE PILOT PROGRAM; AND

(III) FOR THE 2005-06 SCHOOL YEAR, AND SCHOOL YEARS THEREAFTER, CALCULATE THE ACADEMIC GROWTH RATING FOR EACH PUBLIC SCHOOL.

(7) **School districts - use of information.** (a) EACH SCHOOL DISTRICT THAT PARTICIPATES IN THE PILOT PROGRAM SHALL ESTABLISH A POLICY FOR USING THE INFORMATION PROVIDED IN THE ACADEMIC GROWTH INFORMATION REPORTS RECEIVED PURSUANT TO SUBSECTION (5) OF THIS SECTION. AT A MINIMUM, SUCH POLICY SHALL INCLUDE CREATION OF AN ACADEMIC GROWTH PROFILE FOR EACH STUDENT WHO PARTICIPATES IN THE CSAP FOR READING, WRITING, AND MATHEMATICS, AND IS ENROLLED IN A PUBLIC SCHOOL THAT IS PARTICIPATING IN THE PILOT PROGRAM. EACH STUDENT'S ACADEMIC GROWTH PROFILE SHALL MEET THE MINIMUM REQUIREMENTS SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (7). IN ADDITION, THE POLICY SHALL INCLUDE PROCEDURES BY WHICH:

(I) EACH STUDENT'S ACADEMIC GROWTH PROFILE IS PREPARED AND DISSEMINATED TO THE PRINCIPAL OF THE PUBLIC SCHOOL IN WHICH THE STUDENT IS ENROLLED AND PROVIDED TO THE STUDENT'S CLASSROOM TEACHER ON OR BEFORE OCTOBER 1, IF POSSIBLE, BUT IN NO EVENT LATER THAN DECEMBER 1;

(II) EACH STUDENT'S ACADEMIC GROWTH PROFILE IS SHARED WITH THE STUDENT'S PARENTS AND WITH THE STUDENT IN A DISCUSSION OF THE STUDENT'S ACADEMIC STRENGTHS AND WEAKNESSES AND STRATEGIES TO INCREASE THE STUDENT'S ACADEMIC GROWTH;

(III) EACH STUDENT'S ACADEMIC GROWTH PROFILE IS APPLIED AS A TOOL IN INCREASING THE STUDENT'S ACADEMIC ACHIEVEMENT.

(b) EACH STUDENT'S ACADEMIC GROWTH PROFILE SHALL BE PREPARED IN A FORMAT THAT IS BENEFICIAL AND USEFUL TO THE STUDENT'S PARENTS AND TEACHERS IN HELPING THE STUDENT TO GROW ACADEMICALLY.

EACH STUDENT'S ACADEMIC GROWTH PROFILE, AT A MINIMUM, SHALL INCLUDE THE FOLLOWING INFORMATION:

(I) ALL OF THE INFORMATION INCLUDED IN THE STUDENT'S ACADEMIC GROWTH INFORMATION REPORT PROVIDED BY THE DEPARTMENT PURSUANT TO SUBSECTION (5) OF THIS SECTION;

(II) ANALYSIS OF THE STUDENT'S LEARNING NEEDS AND STRENGTHS;
AND

(III) INSTRUCTIONAL STRATEGIES TO ASSIST THE STUDENT IN INCREASING HIS OR HER ACADEMIC GROWTH.

(c) EACH SCHOOL DISTRICT MAY CONTRACT WITH ONE OR MORE PUBLIC OR PRIVATE ENTITIES FOR ANALYSIS OF THE ACADEMIC GROWTH INFORMATION REPORTS, PREPARATION OF THE ACADEMIC GROWTH PROFILES, AND TECHNICAL ASSISTANCE IN DEVELOPING AND APPLYING THE INFORMATION IN THE ACADEMIC GROWTH PROFILES. ENTITIES WITH WHICH A SCHOOL DISTRICT MAY CONTRACT INCLUDE, BUT ARE NOT LIMITED TO, ANY PRIVATE ENTITY, THE DEPARTMENT, AND ANY BOARD OF COOPERATIVE SERVICES CREATED PURSUANT TO ARTICLE 5 OF THIS TITLE.

(d) FOR THE 2005-06 SCHOOL YEAR, AND EACH SCHOOL YEAR THEREAFTER, EACH SCHOOL DISTRICT SHALL COMPLY WITH THE REQUIREMENTS SPECIFIED IN THIS SUBSECTION (7); EXCEPT THAT THE SCHOOL DISTRICT'S ACADEMIC GROWTH PROFILE POLICY SHALL ENSURE THAT THE ACADEMIC GROWTH PROFILES ARE DELIVERED TO THE APPROPRIATE TEACHERS ON OR BEFORE OCTOBER 1, 2006, AND ON OR BEFORE OCTOBER 1 EACH YEAR THEREAFTER.

(8) **Confidentiality of information.** (a) THE DEPARTMENT AND SCHOOL DISTRICTS SHALL MAINTAIN THE CONFIDENTIALITY OF EACH STUDENT'S CSAP SCORES; EXCEPT THAT SUCH SCORES MAY BE ACCESSED USING STUDENT IDENTIFIERS, FOR PURPOSES OF PREPARING THE ACADEMIC GROWTH INFORMATION REPORTS, BY THE ENTITY WITH WHICH THE DEPARTMENT CONTRACTS PURSUANT TO SUBSECTION (6) OF THIS SECTION AND MAY BE ACCESSED USING STUDENT IDENTIFIERS, FOR PURPOSES OF PREPARING THE ACADEMIC GROWTH PROFILES, BY ANY ENTITY WITH WHICH A SCHOOL DISTRICT CONTRACTS PURSUANT TO PARAGRAPH (c) OF SUBSECTION (7) OF THIS SECTION.

(b) EACH STUDENT'S ACADEMIC GROWTH INFORMATION REPORT AND THE STUDENT'S ACADEMIC GROWTH PROFILE PREPARED BY THE SCHOOL DISTRICT SHALL BE INCLUDED IN HIS OR HER INDIVIDUAL STUDENT RECORD MAINTAINED BY THE SCHOOL DISTRICT IN WHICH THE STUDENT IS ENROLLED.

(9) **Pilot program - department to encourage participation.** THE DEPARTMENT SHALL WORK WITH SCHOOL DISTRICTS AND INDIVIDUAL PUBLIC SCHOOLS, INCLUDING CHARTER SCHOOLS, TO EXPLAIN THE PILOT PROGRAM TO SCHOOL DISTRICTS AND ENCOURAGE PARTICIPATION IN THE PILOT PROGRAM.

(10) **Funding.** (a) THE GENERAL ASSEMBLY HEREBY FINDS THAT PREPARATION AND PROVISION OF ACADEMIC GROWTH INFORMATION REPORTS AND ACADEMIC GROWTH PROFILES CONSTITUTE ACCOUNTABLE EDUCATION REFORM AND MAY THEREFORE BE FUNDED FROM MONEYS IN THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION.

(b) THE DEPARTMENT SHALL ANNUALLY ALLOCATE TO EACH SCHOOL DISTRICT THAT CHOOSES TO PARTICIPATE IN THE PILOT PROGRAM THE AMOUNTS SPECIFIED IN THIS PARAGRAPH (b) FROM MONEYS APPROPRIATED TO THE DEPARTMENT FOR THE PURPOSE OF IMPLEMENTING THE PILOT PROGRAM:

(I) FOR THE 2003-04 BUDGET YEAR, AN AMOUNT EQUAL TO FIFTY PERCENT OF THE COSTS INCURRED BY THE SCHOOL DISTRICT IN PREPARING THE ACADEMIC GROWTH PROFILES PURSUANT TO SUBSECTION (7) OF THIS SECTION OR FIFTY CENTS PER ACADEMIC GROWTH PROFILE, WHICHEVER IS LESS;

(II) FOR THE 2004-05 BUDGET YEAR, AN AMOUNT EQUAL TO SEVENTY-FIVE PERCENT OF THE COSTS INCURRED BY THE SCHOOL DISTRICT IN PREPARING THE ACADEMIC GROWTH PROFILES PURSUANT TO SUBSECTION (7) OF THIS SECTION OR SEVENTY-FIVE CENTS PER ACADEMIC GROWTH PROFILE, WHICHEVER IS LESS;

(III) FOR THE 2005-06 BUDGET YEAR, AN AMOUNT EQUAL TO ONE HUNDRED PERCENT OF THE COSTS INCURRED BY THE SCHOOL DISTRICT IN PREPARING THE ACADEMIC GROWTH PROFILES PURSUANT TO SUBSECTION (7) OF THIS SECTION OR ONE DOLLAR PER ACADEMIC GROWTH PROFILE, WHICHEVER IS LESS.

(c) FOR THE 2006-07 BUDGET YEAR AND BUDGET YEARS THEREAFTER, THE DEPARTMENT SHALL ALLOCATE TO EACH SCHOOL DISTRICT, FROM MONEYS APPROPRIATED FOR THE IMPLEMENTATION OF THIS SECTION, A UNIFORM AMOUNT ESTABLISHED BY RULE OF THE STATE BOARD TO OFFSET THE COSTS INCURRED IN PREPARING THE ACADEMIC GROWTH PROFILES. THE AMOUNT ESTABLISHED BY THE STATE BOARD SHALL REFLECT THE AVERAGE DIRECT AND INDIRECT COSTS INCURRED BY EACH SCHOOL DISTRICT IN PREPARING THE ACADEMIC GROWTH PROFILES. THE STATE BOARD SHALL ALSO ESTABLISH BY RULE THE METHOD OF DETERMINING THE AMOUNT TO BE ALLOCATED PURSUANT TO THIS PARAGRAPH (c) IN ANY BUDGET YEAR IN WHICH THE AMOUNT APPROPRIATED IS INSUFFICIENT TO COVER THE FULL ALLOCATION AMOUNT SPECIFIED BY RULE OF THE STATE BOARD.

(11) **School academic growth rating.** (a) FOR THE 2002-03, 2003-04, AND 2004-05 SCHOOL YEARS, THE DEPARTMENT SHALL ANNUALLY ASSIGN A RATING FOR ACADEMIC GROWTH TO EACH PUBLIC SCHOOL THAT PARTICIPATES IN THE PILOT PROGRAM. SUCH RATING SHALL BE "EXCELLENT", "HIGH", "AVERAGE", "LOW", OR "UNSATISFACTORY", BASED ON A COMPOSITE OF THE AMOUNT OF ACADEMIC GROWTH, AS DETERMINED PURSUANT TO SUBSECTION (4) OF THIS SECTION, ACHIEVED BY STUDENTS ENROLLED IN THE PUBLIC SCHOOL, ON THE CSAP ASSESSMENTS IN THE AREA OF READING FOR THE 2002-03 SCHOOL YEAR, AND IN THE AREAS OF READING, WRITING, AND MATHEMATICS FOR THE 2003-04 AND 2004-05 SCHOOL YEARS. THE STATE BOARD SHALL PROMULGATE RULES ESTABLISHING THE METHOD OF CALCULATING THE COMPOSITE OF THE STUDENTS' ACADEMIC GROWTH AMOUNTS AND ESTABLISHING THE SCALE REFLECTING "EXCELLENT", "HIGH", "AVERAGE", "LOW", AND "UNSATISFACTORY" ACADEMIC GROWTH ON THE SCHOOL LEVEL. EACH SCHOOL DISTRICT THAT PARTICIPATES IN THE PILOT PROGRAM SHALL DETERMINE WHETHER TO PROVIDE NOTICE OF A SCHOOL'S ACADEMIC GROWTH RATING TO THE PARENTS OF STUDENTS ENROLLED IN THE SCHOOL BY INCLUDING, AT THE SCHOOL DISTRICT'S EXPENSE, AN ADDENDUM TO THE SCHOOL'S ACCOUNTABILITY REPORT, AS ALLOWED PURSUANT TO SECTION 22-7-605 (11).

(b) FOR THE 2005-06 SCHOOL YEAR, AND FOR SCHOOL YEARS THEREAFTER, THE DEPARTMENT SHALL ANNUALLY ASSIGN A RATING FOR ACADEMIC GROWTH TO EACH PUBLIC SCHOOL OF "EXCELLENT", "HIGH", "AVERAGE", "LOW", OR "UNSATISFACTORY". THE SCHOOL ACADEMIC GROWTH RATING SHALL BE BASED ON A COMPOSITE OF THE AMOUNT OF ACADEMIC GROWTH, AS DETERMINED PURSUANT TO SUBSECTION (4) OF THIS

SECTION, ACHIEVED BY STUDENTS ENROLLED IN THE PUBLIC SCHOOL, ON THE CSAP ASSESSMENTS IN THE AREAS OF READING, WRITING, AND MATHEMATICS. THE DEPARTMENT SHALL APPLY THE RULES ESTABLISHED BY THE STATE BOARD PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (11) IN CALCULATING THE COMPOSITE OF THE STUDENTS' ACADEMIC GROWTH AMOUNTS AND ASSIGNING THE RATING FOR ACADEMIC GROWTH. EACH SCHOOL DISTRICT SHALL DETERMINE WHETHER TO PROVIDE NOTICE OF A SCHOOL'S ACADEMIC GROWTH RATING TO THE PARENTS OF STUDENTS ENROLLED IN THE SCHOOL BY INCLUDING, AT THE SCHOOL DISTRICT'S EXPENSE, AN ADDENDUM TO THE SCHOOL'S ACCOUNTABILITY REPORT, AS ALLOWED PURSUANT TO SECTION 22-7-605 (11).

(12) **Pilot program report.** (a) ON OR BEFORE JANUARY 15, 2005, THE DEPARTMENT SHALL SUBMIT TO THE GOVERNOR'S OFFICE AND TO THE EDUCATION COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES A REPORT ADDRESSING IMPLEMENTATION OF THE PILOT PROGRAM AND THE EFFECTIVENESS OF THE PILOT PROGRAM IN MEASURING STUDENTS' ACADEMIC GROWTH. AT A MINIMUM, THE REPORT SHALL ADDRESS THE FOLLOWING ISSUES:

(I) WHETHER THE MEASUREMENT OF STUDENT ACADEMIC GROWTH AND OVERALL ACADEMIC GROWTH WITHIN A SCHOOL AS PROVIDED IN THIS SECTION EFFECTIVELY MEASURES OR DEMONSTRATES ADEQUATE YEARLY PROGRESS BY STUDENTS AND ACADEMIC IMPROVEMENT WITHIN A SCHOOL;

(II) WHETHER THE DEADLINES AND TIME FRAMES SPECIFIED IN THIS SECTION ARE APPROPRIATE AND SUFFICIENT TO ALLOW THE DEPARTMENT AND SCHOOL DISTRICTS TO PREPARE THE ACADEMIC GROWTH INFORMATION REPORTS AND THE STUDENT GROWTH PROFILES FOR USE IN THE UPCOMING SCHOOL YEAR;

(III) THE MANNER IN WHICH SCHOOL DISTRICTS USE THE INFORMATION RECEIVED FROM THE ACADEMIC GROWTH INFORMATION REPORTS, THE TYPES OF STRATEGIES SCHOOL DISTRICTS APPLY TO ADDRESS STUDENTS' LEARNING NEEDS, AND THE SUCCESS OF THESE STRATEGIES;

(IV) WHETHER THE OVERALL GROWTH RATES INCREASED BETWEEN THE 2002-03 SCHOOL YEAR AND THE 2004-05 SCHOOL YEAR AND WHETHER THE GROWTH RATES FOR STUDENTS AT EACH ACHIEVEMENT LEVEL WERE COMPARABLE;

(V) WHETHER THE QUESTIONS INCLUDED IN THE CSAP ASSESSMENTS ARE SUFFICIENT TO MEASURE GROWTH AT EACH ACHIEVEMENT LEVEL FOR READING, WRITING, AND MATHEMATICS AND, IF NOT, WHETHER ADDITIONAL QUESTIONS ARE NEEDED AND THE AREAS IN WHICH THEY ARE NEEDED;

(VI) WHETHER THE ACADEMIC GROWTH RATINGS COMPUTED PURSUANT TO THIS SECTION ARE SUFFICIENTLY CREDIBLE TO PROVIDE SIGNIFICANT INFORMATION TO PARENTS AND WHETHER THEY SHOULD BE INCLUDED ON THE ACCOUNTABILITY REPORTS PREPARED PURSUANT TO SECTION 22-7-605;

(VII) WHETHER THE LEVELS OF INCREASE ESTABLISHED BY THE DEPARTMENT PURSUANT TO PARAGRAPH (a) OF SUBSECTION (4) OF THIS SECTION AND THE CATEGORIES OF ACADEMIC GROWTH ESTABLISHED BY RULE PURSUANT TO PARAGRAPH (b) OF SUBSECTION (4) OF THIS SECTION ADEQUATELY MEASURE EACH YEAR OF ACADEMIC GROWTH;

(VIII) WHAT ARE THE APPROPRIATE STANDARDS FOR DETERMINING THE CATEGORIES OF ACADEMIC GROWTH;

(IX) WHETHER THE ACADEMIC GROWTH INFORMATION REPORTS AND THE ACADEMIC GROWTH PROFILES CONTAIN THE APPROPRIATE AND NECESSARY INFORMATION FOR MEASURING AND IMPROVING ACADEMIC GROWTH, AND, IF NOT, WHAT INFORMATION WOULD BE APPROPRIATE;

(X) THE MANNER IN WHICH THE STANDARDS FOR ACCOUNTABILITY AND ACCREDITATION MAY BE MORE EFFECTIVELY HARMONIZED AND IMPLEMENTED.

(b) FOLLOWING RECEIPT OF THE REPORT PREPARED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (12), THE GENERAL ASSEMBLY SHALL CONSIDER WHETHER TO CONTINUE THE ACADEMIC GROWTH PROGRAM AS AN INDEPENDENT PROGRAM OR TO CONSOLIDATE THE ACADEMIC GROWTH RATINGS WITH THE ACCOUNTABILITY REPORTS PREPARED PURSUANT TO SECTION 22-7-605 OR WITH FEDERAL REQUIREMENTS SPECIFIED IN THE "NO CHILD LEFT BEHIND ACT OF 2001", PUBLIC LAW 107-110.

SECTION 40. 22-7-604 (2) and (6) (a), Colorado Revised Statutes, are amended to read:

22-7-604. Academic performance - academic improvement -

rating - designation and methodology. (2) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (a) OF SUBSECTION (6) OF THIS SECTION, ratings assigned to public schools pursuant to this section shall be determined by the levels of student achievement and improvement on all CSAP assessments and curriculum-based, achievement college entrance exams administered by the public school in each school year pursuant to section 22-7-409. Each new CSAP assessment area and grade level shall enter the calculations of ratings pursuant to this section at a weight equivalent to that assigned to existing assessment areas and grade levels.

(6) **School improvement measurement.** (a) Beginning with the 2001-02 school year, the department shall annually assign a rating for academic improvement to each public school of "significant improvement", "improvement", "stable", "decline", or "significant decline". The academic improvement rating shall be based upon the change in the school's standardized, weighted total score calculated pursuant to subsection (5) of this section; EXCEPT THAT, FOR ANY YEAR IN WHICH CSAP ASSESSMENTS ARE ADMINISTERED IN THE CURRENT YEAR THAT WERE NOT ADMINISTERED IN THE PREVIOUS YEAR, THE DEPARTMENT SHALL CALCULATE AN ALTERNATE STANDARDIZED, WEIGHTED TOTAL SCORE, USING THE METHODOLOGY SPECIFIED IN SUBSECTION (5) OF THIS SECTION, FOR THE CURRENT YEAR AND FOR THE PREVIOUS YEAR USING ONLY RESULTS FROM THE ASSESSMENTS ADMINISTERED IN BOTH YEARS AND BASE THE ACADEMIC IMPROVEMENT RATING ON SUCH ALTERNATE STANDARDIZED, WEIGHTED TOTAL SCORE.

SECTION 41. 22-54-117 (1.6), Colorado Revised Statutes, is amended to read:

22-54-117. Contingency reserve - capital construction expenditures reserve. (1.6) For each quarter including and after the first quarter of the state's fiscal year ~~2001-2002~~ 2001-02, all moneys that would otherwise be transferred to the general fund pursuant to section 3 (1) (b) (III) of article XXVII of the state constitution shall be transferred to the state public school fund as a contingency reserve exempt from any restriction on spending, revenues, or appropriations, including, without limitation, the restrictions of section 20 of article X of the state constitution. The state board is authorized to approve and order payments from the moneys transferred pursuant to this ~~subsection~~ SUBSECTION (1.6) only for supplemental assistance to districts for capital expenditures to address immediate safety hazards or health concerns within existing school facilities

EITHER BY REPAIRING, REMODELING, OR REFURBISHING THE EXISTING SCHOOL FACILITIES OR BY CONSTRUCTING NEW SCHOOL FACILITIES TO REPLACE THE EXISTING SCHOOL FACILITIES.

SECTION 42. 22-43.7-105 (1) and (6), Colorado Revised Statutes, are amended to read:

22-43.7-105. Financial assistance application requirements - evaluation criteria - oversight board - duties. (1) Applications for financial assistance for capital construction projects shall be submitted to the state board no later than July 1 of each year for the ~~following~~ fiscal year COMMENCING ON THAT JULY 1. Individual schools may apply for matching grants through the school district in which the schools are located and the school district may, in turn, apply to the state board for such grants pursuant to this section.

(6) From the applications submitted for financial assistance for the ~~next~~ fiscal year COMMENCING ON THE DEADLINE FOR SUBMITTING SUCH APPLICATIONS, the state board shall prepare a prioritized list of eligible capital construction projects. The state board shall then determine the type and amount of financial assistance to be provided for each eligible capital construction project based upon information provided by the school district in the application. The state board shall submit a list of school districts recommended to receive matching grants for capital construction projects, along with the amount of each grant and the amount of the school district match, to the capital development committee of the general assembly no later than October 1 of ~~each calendar~~ THE FISCAL year FOR WHICH FINANCIAL ASSISTANCE IS BEING SOUGHT. Said list shall also be submitted to the education committees of the senate and the house of representatives, the governor, the president of the senate, and the speaker of the house of representatives. The capital development committee shall determine the number of capital construction projects on the list that may receive matching grants from moneys available in the construction and renovation fund. Only capital construction projects on the prioritized list may receive matching grants from the construction and renovation fund, and the capital construction projects shall be funded in the priority determined by the state board. The capital development committee shall submit the list of projects to receive matching funds to the joint budget committee NO LATER THAN JANUARY 1 OF THE FISCAL YEAR FOR WHICH FINANCIAL ASSISTANCE IS BEING SOUGHT for the purpose of ~~making the appropriation in~~ AMENDING the

general appropriation bill to ~~the department of education from the construction and renovation fund for the next~~ MAKE APPROPRIATIONS FOR THE CAPITAL CONSTRUCTION PROJECTS THAT WILL RECEIVE MATCHING GRANTS FROM THE CONSTRUCTION AND RENOVATION FUND FOR THAT fiscal year. The joint budget committee may increase the appropriation, and the number of projects to be funded, if additional moneys are made available from moneys transferred from the school capital construction expenditures reserve in accordance with section 22-54-117 (6) (b). A prioritized list showing school districts that will be loaned money from the permanent school fund, along with the amount of each loan, shall be provided to the governor, the president of the senate, the speaker of the house of representatives, and the joint budget committee.

SECTION 43. 22-54-117 (1.7) (a), Colorado Revised Statutes, is amended to read:

22-54-117. Contingency reserve - capital construction expenditures reserve. (1.7) (a) In addition to any amount annually appropriated by the general assembly to the state public school fund as a contingency reserve and any amount appropriated from the general fund to the state public school fund as a school capital construction expenditures reserve in accordance with section 24-75-201.1 (4) (b), C.R.S., and subsection (1.5) of this section, for the 2001-02 budget year and FOR THE 2003-04 BUDGET YEAR AND budget years thereafter, an amount equal to the amount appropriated for the budget year from the state education fund to the department of education pursuant to section 22-54-124 (4) shall be appropriated from the state education fund created in section 17 (4) of article IX of the state constitution to the school capital construction expenditures reserve created in said subsection (1.5) to be used only as provided in said subsection (1.5).

SECTION 44. 24-75-201.1 (4) (b) (IV), Colorado Revised Statutes, is amended, and the said 24-75-201.1 (4) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

24-75-201.1. Restriction on state appropriations - legislative declaration - definitions. (4) (a.5) THE GENERAL ASSEMBLY HEREBY FINDS, DETERMINES, AND DECLARES THAT:

(I) FOR THE FISCAL YEAR 2002-03, GENERAL FUND REVENUES WILL NOT EXCEED GENERAL FUND OBLIGATIONS AND THE MONEYS REQUIRED TO BE ALLOCATED TO THE HIGHWAY USERS TAX FUND BY MORE THAN EIGHTY MILLION DOLLARS, AS REQUIRED IN PARAGRAPH (c) OF THIS SUBSECTION (4), AND, THEREFORE, THE GENERAL ASSEMBLY IS NOT OBLIGATED TO APPROPRIATE GENERAL FUND MONEYS FOR FISCAL YEAR 2002-03 AS WOULD OTHERWISE BE REQUIRED BY SUBPARAGRAPH (III) OF PARAGRAPH (b) OF THIS SUBSECTION (4);

(II) DESPITE THE FACT THAT THE STATE IS NOT OBLIGATED TO APPROPRIATE GENERAL FUND MONEYS FOR FISCAL YEAR 2002-03 FOR SCHOOL DISTRICT CAPITAL CONSTRUCTION PURSUANT TO THIS SUBSECTION (4), THE GENERAL ASSEMBLY RECOGNIZES THE IMPORTANCE OF ASSISTING SCHOOL DISTRICTS IN PROVIDING SAFE, ADEQUATE, AND NECESSARY BUILDINGS AND CLASSROOMS FOR SCHOOL CHILDREN;

(III) TO ASSIST SCHOOL DISTRICTS WITH CAPITAL CONSTRUCTION FUNDING TO THE GREATEST EXTENT POSSIBLE UNDER THE CURRENT FISCAL RESTRAINTS AND LIMITATIONS FACING THE STATE, THE GENERAL ASSEMBLY SHALL APPROPRIATE FIFTEEN MILLION DOLLARS FOR THE 2002-03 FISCAL YEAR, WHICH EQUALS THE AMOUNT OF GENERAL FUND APPROPRIATIONS THAT WOULD OTHERWISE BE REQUIRED TO BE APPROPRIATED FOR THE 2002-03 FISCAL YEAR PURSUANT TO SUBPARAGRAPH (III) OF PARAGRAPH (b) OF THIS SUBSECTION (4), BUT FOR THE PROVISIONS OF PARAGRAPH (c) OF THIS SUBSECTION (4), FROM MONEYS THAT WOULD HAVE OTHERWISE BEEN CREDITED TO THE GENERAL FUND EXCEPT FOR INITIATED AND REFERRED MEASURES APPROVED BY THE VOTERS AT THE 2000 GENERAL ELECTION THAT DIVERTED SUCH GENERAL FUND MONEYS TO OTHER STATE FUNDS:

(A) BY TRANSFERRING MONEYS TRANSFERRED TO THE PUBLIC SCHOOL FUND AS A CONTINGENCY RESERVE PURSUANT TO SECTION 22-54-117 (1.6) (a), C.R.S., TO THE SCHOOL CONSTRUCTION AND RENOVATION FUND CREATED IN SECTION 22-43.7-103 (1), C.R.S.; AND

(B) BY APPROPRIATING MONEYS FROM THE STATE EDUCATION FUND TO THE SCHOOL CONSTRUCTION AND RENOVATION FUND CREATED IN SECTION 22-43.7-103 (1), C.R.S., AND THE SCHOOL CAPITAL CONSTRUCTION EXPENDITURES RESERVE CREATED IN SECTION 22-54-117 (1.5) (a), C.R.S.

(b) (IV) For the fiscal year 2003-04, the general assembly shall continue to appropriate ten million dollars to the school capital construction

expenditures reserve and five million dollars to the school construction and renovation fund, both of which appropriations WHICH APPROPRIATION will be included in the calculation of the maximum level of state general fund appropriations pursuant to said paragraph (a). The general assembly shall appropriate an additional ~~five~~ TEN million dollars to the school construction and renovation fund. Said additional amount shall be a general fund appropriation that exceeds the limitation on state general fund appropriations established by SAID paragraph (a) of ~~subsection (1) of this section~~ in the fiscal year in which first made but will be included in the calculation of the maximum level of state general fund appropriations pursuant to said paragraph (a) in the following fiscal year.

SECTION 45. 22-54-117 (1.6), Colorado Revised Statutes, is amended to read:

22-54-117. Contingency reserve - capital construction expenditures reserve. (1.6) (a) For each quarter including and after the first quarter of the state's fiscal year 2001-2002, all moneys that would otherwise be transferred to the general fund pursuant to section 3 (1) (b) (III) of article XXVII of the state constitution shall be transferred to the state public school fund as a contingency reserve exempt from any restriction on spending, revenues, or appropriations, including, without limitation, the restrictions of section 20 of article X of the state constitution. The state board is authorized to approve and order payments from the moneys transferred pursuant to this ~~subsection~~ SUBSECTION (1.6) only for supplemental assistance to districts for capital expenditures to address immediate safety hazards or health concerns within existing school facilities.

(b) NOTWITHSTANDING ANY PROVISION OF PARAGRAPH (a) OF THIS SUBSECTION (1.6) TO THE CONTRARY, FOR EACH CALENDAR MONTH OF THE 2002-03 FISCAL YEAR, THROUGH JUNE 30, 2003, THE STATE TREASURER SHALL TRANSFER FROM THE CONTINGENCY RESERVE CREATED IN THE STATE PUBLIC SCHOOL FUND PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (1.6) TO THE SCHOOL CONSTRUCTION AND RENOVATION FUND CREATED IN SECTION 22-43.7-103 (1) AN AMOUNT EQUAL TO THE MONEYS TRANSFERRED TO SAID CONTINGENCY RESERVE DURING SUCH CALENDAR MONTH NO LATER THAN THE LAST DAY OF THE MONTH IN WHICH SUCH MONEYS WERE TRANSFERRED TO SAID CONTINGENCY RESERVE. HOWEVER, THE TOTAL AMOUNT OF MONEYS TRANSFERRED FROM THE CONTINGENCY RESERVE

CREATED IN THE STATE PUBLIC SCHOOL FUND TO THE SCHOOL CONSTRUCTION AND RENOVATION FUND PURSUANT TO THIS PARAGRAPH (b) SHALL NOT EXCEED FOUR MILLION ONE HUNDRED THOUSAND DOLLARS.

SECTION 46. Article 2 of title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

22-2-122. On-line education programs - study - report - repeal.

(1) THE DEPARTMENT, IN CONJUNCTION WITH THE STUDY COMMITTEE APPOINTED PURSUANT TO SUBSECTION (2) OF THIS SECTION, SHALL CONDUCT A STUDY OF ELEMENTARY AND SECONDARY ON-LINE EDUCATION PROGRAMS THROUGH WHICH STUDENTS RECEIVE ALL OR MOST OF THEIR INSTRUCTION ON-LINE. THE STUDY SHALL INCLUDE, BUT NEED NOT BE LIMITED TO, AN EXAMINATION AND EVALUATION OF THE FOLLOWING ISSUES:

(a) IDENTIFICATION OF THE GRADE LEVELS AND SUBJECT MATTER AREAS THAT ARE MOST APPROPRIATE FOR ON-LINE EDUCATION PROGRAMS AND FOR WHICH ON-LINE EDUCATION PROGRAMS ARE MOST EFFECTIVE;

(b) IDENTIFICATION OF THE SIGNIFICANT BENEFITS AND DETRIMENTS THAT MAY BE EXPERIENCED BY STUDENTS WHO RECEIVE THEIR EDUCATION THROUGH ON-LINE EDUCATION PROGRAMS;

(c) WHETHER ON-LINE EDUCATION PROGRAM CURRICULA ARE AVAILABLE THAT ARE ACADEMICALLY RIGOROUS, RESEARCH-BASED, AND SEQUENTIAL, AND METHODS OF ASSISTING SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT OPERATE ON-LINE EDUCATION PROGRAMS IN DEVELOPING, OBTAINING, AND ACCESSING SUCH CURRICULA;

(d) IDENTIFICATION OF STRATEGIES THAT CAN EFFECTIVELY ENSURE STUDENT ENGAGEMENT AND FACILITATE STUDENT ACCOUNTABILITY;

(e) THE SIGNIFICANCE, IF ANY, OF THE GEOGRAPHIC LOCATION OF THE STUDENTS PARTICIPATING IN AN ON-LINE EDUCATION PROGRAM IN RELATION TO THE SCHOOL DISTRICT OR CHARTER SCHOOL OPERATING THE PROGRAM;

(f) IDENTIFICATION OF THOSE STUDENTS WHO ARE MOST EFFECTIVELY SERVED BY OR WHO BENEFIT MOST FROM PARTICIPATION IN ON-LINE EDUCATION PROGRAMS BASED ON SIGNIFICANT CHARACTERISTICS, INCLUDING BUT NOT LIMITED TO AGE, AT-RISK FACTORS, GEOGRAPHIC LOCATION, AND PHYSICAL OR EMOTIONAL DISABILITIES;

(g) THE MINIMUM REQUIREMENTS FOR AN EFFECTIVE ON-LINE EDUCATION PROGRAM, INCLUDING BUT NOT LIMITED TO THE NECESSARY LEVEL OF TECHNICAL SUPPORT AND THE NECESSARY LEVEL OF STUDENT ENROLLMENT TO MAINTAIN THE EDUCATIONAL FEASIBILITY AND INTEGRITY OF THE PROGRAM;

(h) IDENTIFICATION OF THE MINIMUM COMPUTER HARDWARE AND SOFTWARE REQUIREMENTS FOR AN EFFECTIVE ON-LINE EDUCATION PROGRAM AND CONSIDERATION OF THE ISSUES SURROUNDING PROVISION AND OWNERSHIP OF SUCH HARDWARE AND SOFTWARE;

(i) IDENTIFICATION OF APPROPRIATE AND EFFECTIVE METHODS OF MEASURING STUDENT PROGRESS AND SUCCESS IN ON-LINE EDUCATION PROGRAMS AND WHETHER ACADEMIC ACHIEVEMENT AND PROGRESS IN AN ON-LINE EDUCATION PROGRAM MAY BE MEASURED THROUGH DEMONSTRATED LEARNING BASED ON COMPLETION OF ASSIGNMENTS AND ASSESSMENTS, THROUGH REQUIRING A SPECIFIED NUMBER OF ON-LINE PARTICIPATION HOURS PER DAY, THROUGH A COMBINATION OF SUCH METHODS, OR THROUGH OTHER METHODS OF TRACKING AND MEASURING STUDENT ENGAGEMENT;

(j) METHODS FOR EFFECTIVELY MONITORING AND AUDITING STUDENT PARTICIPATION IN ON-LINE PROGRAMS, INCLUDING BUT NOT LIMITED TO ENSURING IT IS ACTUALLY THE STUDENT PARTICIPATING IN THE PROGRAM AND COMPLETING ASSIGNMENTS AND ASSESSMENTS;

(k) THE MOST EFFECTIVE MANNER IN WHICH STUDENTS PARTICIPATING IN ON-LINE EDUCATION PROGRAMS MAY PARTICIPATE IN THE COLORADO STUDENT ASSESSMENT PROGRAM;

(l) THE FEASIBILITY, DESIRABILITY, AND ESTIMATED COST OF DEVELOPING A STATEWIDE CURRICULA FOR BOTH FULL-TIME AND COURSE-SPECIFIC ON-LINE EDUCATION PROGRAMS, OF CREATING A STATEWIDE ENTITY WITH REPRESENTATION FROM SCHOOL DISTRICTS AND CHARTER SCHOOLS FOR THE IMPLEMENTATION OF BOTH FULL-TIME AND COURSE-SPECIFIC ON-LINE EDUCATION PROGRAMS, AND OF CREATING A RESOURCE BANK OF FULL-TIME AND COURSE-SPECIFIC ON-LINE EDUCATION PROGRAM MATERIALS AVAILABLE TO SCHOOL DISTRICTS AND CHARTER SCHOOLS;

(m) ISSUES REGARDING OWNERSHIP AND USE OF A STATEWIDE

ON-LINE EDUCATION PROGRAM CURRICULA;

(n) IDENTIFICATION OF ANY ADDITIONAL COSTS INCURRED AND SAVINGS RECOGNIZED IN OPERATING ON-LINE EDUCATION PROGRAMS, AS COMPARED TO TRADITIONAL EDUCATION PROGRAMS, INCLUDING BUT NOT LIMITED TO THE APPROPRIATENESS OF FUNDING STUDENTS ENROLLED IN ON-LINE EDUCATION PROGRAMS AT A LOWER LEVEL THAN OTHER STUDENTS AND THE APPROPRIATENESS OF REQUIRING SCHOOL DISTRICTS TO ALLOCATE A CERTAIN AMOUNT PER ON-LINE STUDENT TO CAPITAL RESERVE AND INSURANCE RESERVE ACCOUNTS.

(2) (a) THERE IS HEREBY CREATED A STUDY COMMITTEE TO WORK WITH THE DEPARTMENT IN CONDUCTING THE STUDY REQUIRED BY THIS SECTION. THE STUDY COMMITTEE SHALL CONSIST OF MEMBERS APPOINTED AS PROVIDED IN PARAGRAPHS (b) AND (c) OF THIS SUBSECTION (2).

(b) FOUR MEMBERS OF THE STUDY COMMITTEE SHALL BE APPOINTED AS FOLLOWS:

(I) TWO MEMBERS OF THE HOUSE OF REPRESENTATIVES APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES WHO ARE NOT MEMBERS OF THE SAME POLITICAL PARTY;

(II) TWO MEMBERS OF THE SENATE APPOINTED BY THE PRESIDENT OF THE SENATE WHO ARE NOT MEMBERS OF THE SAME POLITICAL PARTY.

(c) TEN MEMBERS OF THE STUDY COMMITTEE SHALL BE APPOINTED BY THE GOVERNOR. NO MORE THAN FIVE OF THE MEMBERS APPOINTED BY THE GOVERNOR SHALL BE FROM THE SAME POLITICAL PARTY. THE MEMBERS SHALL BE APPOINTED AS FOLLOWS:

(I) ONE MEMBER WHO IS A REPRESENTATIVE OF A PUBLIC OR PRIVATE ENTITY THAT DESIGNS AND PRODUCES CURRICULA FOR ELEMENTARY OR SECONDARY ON-LINE EDUCATION PROGRAMS;

(II) ONE MEMBER WHO IS A REPRESENTATIVE OF A STATEWIDE PARENT, TEACHER, AND STUDENT ORGANIZATION WHO HAS EXPERIENCE WITH ELEMENTARY OR SECONDARY ON-LINE EDUCATION PROGRAMS;

(III) TWO MEMBERS WHO ARE EMPLOYED BY SCHOOL DISTRICTS OR CHARTER SCHOOLS, ONE OF WHICH IS IN A RURAL AREA OF THE STATE AND

ONE OF WHICH IS IN AN URBAN AREA OF THE STATE, BOTH OF WHICH MEMBERS HAVE EXPERIENCE IN OPERATING ELEMENTARY OR SECONDARY ON-LINE EDUCATION PROGRAMS;

(IV) TWO MEMBERS WHO ARE MEMBERS OF SCHOOL DISTRICT BOARDS OF EDUCATION OR CHARTER SCHOOL GOVERNING BOARDS IN SCHOOL DISTRICTS OR CHARTER SCHOOLS THAT OPERATE ELEMENTARY OR SECONDARY ON-LINE EDUCATION PROGRAMS, ONE OF WHICH IS IN A RURAL AREA OF THE STATE AND ONE OF WHICH IS IN AN URBAN AREA OF THE STATE;

(V) TWO MEMBERS WHO ARE CLASSROOM TEACHERS WHO SPEND A SIGNIFICANT AMOUNT OF TIME TEACHING STUDENTS THROUGH ELEMENTARY OR SECONDARY ON-LINE EDUCATION PROGRAMS, ONE OF WHOM IS EMPLOYED BY A SCHOOL DISTRICT AND ONE OF WHOM IS EMPLOYED BY A CHARTER SCHOOL;

(VI) ONE MEMBER WHO IS A REPRESENTATIVE OF THE DEPARTMENT OF EDUCATION; AND

(VII) ONE MEMBER WHO IS A MEMBER OF THE STATE BOARD OF EDUCATION.

(3) THE DEPARTMENT SHALL PROVIDE SUCH CLERICAL AND TECHNICAL ASSISTANCE AS MAY BE REQUESTED BY THE STUDY COMMITTEE IN COMPLETING THE STUDY DESCRIBED IN THIS SECTION.

(4) NO LATER THAN DECEMBER 31, 2002, THE DEPARTMENT SHALL PRESENT THE STUDY FINDINGS, THE FINDINGS RESULTING FROM STUDIES CONDUCTED BY THE DEPARTMENT OF COURSE-SPECIFIC ON-LINE EDUCATION PROGRAMS, AND RECOMMENDATIONS REGARDING THE DESIGN AND IMPLEMENTATION OF FULL-TIME AND COURSE-SPECIFIC ELEMENTARY AND SECONDARY ON-LINE EDUCATION PROGRAMS TO THE STATE BOARD OF EDUCATION AND THE EDUCATION COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES.

(5) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2003.

SECTION 47. 22-7-607.5 (1) (c), (2) (c), and (2) (d), Colorado Revised Statutes, are amended to read:

22-7-607.5. Teacher pay incentive program - repeal. (1) As used

in this section, unless the context otherwise requires:

(c) "Teacher" means a person who IS EMPLOYED AS A RESIDENT TEACHER PURSUANT TO SECTION 22-32-110.3 OR is licensed pursuant to article 60.5 of this title, or authorized by a letter of authorization issued pursuant to section 22-60.5-111, to teach and is primarily engaged in teaching during the majority of a school day.

(2) (c) The significant improvement bonus per pupil amount shall be an amount equal to four hundred twenty thousand dollars divided by the total number of students enrolled in all eligible schools that receive a school improvement rating of "significant improvement". IN ANY FISCAL YEAR IN WHICH NO ELIGIBLE SCHOOLS RECEIVE A SCHOOL IMPROVEMENT RATING OF "SIGNIFICANT IMPROVEMENT", THE AMOUNT SPECIFIED FOR SIGNIFICANT IMPROVEMENT BONUSES PURSUANT TO THIS PARAGRAPH (c) SHALL BE ADDED TO THE TOTAL AMOUNT TO BE DISTRIBUTED PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (2).

(d) The improvement bonus per pupil amount shall be an amount equal to two hundred ten thousand dollars divided by the total number of students enrolled in all eligible schools that receive a school improvement rating of "improvement". IN ANY FISCAL YEAR IN WHICH NO ELIGIBLE SCHOOLS RECEIVE A SCHOOL IMPROVEMENT RATING OF "IMPROVEMENT", THE AMOUNT SPECIFIED FOR IMPROVEMENT BONUSES PURSUANT TO THIS PARAGRAPH (d) SHALL BE ADDED TO THE TOTAL AMOUNT TO BE DISTRIBUTED PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (2).

SECTION 48. 34-63-102 (2), Colorado Revised Statutes, is amended to read:

34-63-102. Creation of mineral leasing fund - distribution - advisory committee. (2) (a) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (2), twenty-five percent of all moneys described in paragraph (a) of subsection (1) of this section together with any funds for public schools derived from the application of paragraph (b) of subsection (3) of this section shall, upon receipt, be paid into the state public school fund to be used for the support of the public schools of this state.

(b) FOR THE PURPOSE OF REPAYING AN ADDITIONAL EXPENDITURE OF

MONEYS FROM THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) (a) OF ARTICLE IX OF THE STATE CONSTITUTION FOR THE STATE'S SHARE OF TOTAL PROGRAM PURSUANT TO ARTICLE 54 OF TITLE 22, C.R.S., MADE FOR THE 2001-02 FISCAL YEAR DUE TO A PROJECTED SHORTFALL IN THE AMOUNT OF MONEYS DESCRIBED IN PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION RECEIVED BY THE STATE TREASURER IN SAID FISCAL YEAR, NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, UPON RECEIPT BY THE STATE TREASURER OF ANY MONEYS DESCRIBED IN PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION DURING THE 2002-03 FISCAL YEAR, OF THE PORTION OF SAID MONEYS THAT WOULD OTHERWISE BE PAID TO THE STATE PUBLIC SCHOOL FUND PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2), THE STATE TREASURER SHALL FIRST TRANSFER AN AMOUNT OF SAID MONEYS EQUAL TO SIX MILLION DOLLARS TO THE STATE EDUCATION FUND CREATED PURSUANT TO SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION PRIOR TO PAYING SAID PORTION OF MONEYS TO THE STATE PUBLIC SCHOOL FUND IN ACCORDANCE WITH PARAGRAPH (a) OF THIS SUBSECTION (2).

SECTION 49. 22-28-108 (1) (a), Colorado Revised Statutes, is amended to read:

22-28-108. Criteria for district preschool programs. (1) (a) The department shall establish basic program standards for district preschool programs using nationally accepted standards for preschool programs and requiring compliance with the Colorado rules ~~and regulations~~ for child care centers promulgated by the department of human services pursuant to section 26-6-106, C.R.S.; EXCEPT THAT A FULL-DAY KINDERGARTEN COMPONENT OF A DISTRICT'S PRESCHOOL PROGRAM NEED NOT BE IN COMPLIANCE WITH SUCH RULES.

SECTION 50. 26-6-102 (1.5), Colorado Revised Statutes, is amended to read:

26-6-102. Definitions. As used in this article, unless the context otherwise requires:

(1.5) "Child care center" means a facility, by whatever name known, that is maintained for the whole or part of a day for the care of five or more children who are eighteen years of age or younger and who are not related to the owner, operator, or manager thereof, whether such facility is operated

with or without compensation for such care and with or without stated educational purposes. The term includes, but is not limited to, facilities commonly known as day care centers, school-age child care centers, before and after school programs, nursery schools, kindergartens, preschools, day camps, summer camps, and centers for developmentally disabled children and those facilities that give twenty-four-hour care for children and includes those facilities for children under the age of six years with stated educational purposes operated in conjunction with a public, private, or parochial college or a private or parochial school; except that the term shall not apply to any kindergarten maintained in connection with a public, private, or parochial elementary school system of at least six grades OR OPERATED AS A COMPONENT OF A SCHOOL DISTRICT'S PRESCHOOL PROGRAM OPERATED PURSUANT TO ARTICLE 28 OF TITLE 22, C.R.S. The term shall not include any facility licensed as a family child care home or foster care home.

SECTION 51. 22-43.7-105, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-43.7-105. Financial assistance application requirements - evaluation criteria - oversight board - duties. (6.5) NOTWITHSTANDING ANY PROVISION IN SUBSECTION (6) OF THIS SECTION TO THE CONTRARY, APPROPRIATIONS FOR THE CAPITAL CONSTRUCTION PROJECTS THAT WILL RECEIVE MATCHING GRANTS FROM THE CONSTRUCTION AND RENOVATION FUND FOR THE 2002-03 FISCAL YEAR MAY BE MADE TO THE DEPARTMENT OF EDUCATION IN HOUSE BILL 02-1349, ENACTED AT THE SECOND REGULAR SESSION OF THE SIXTY-THIRD GENERAL ASSEMBLY.

SECTION 52. 22-7-607.5 (1) (a), (2) (a), (2) (b), (3) (a), and (3) (b), Colorado Revised Statutes, are amended to read:

22-7-607.5. Teacher pay incentive program - repeal. (1) As used in this section, unless the context otherwise requires:

(a) (I) "Eligible school" means, FOR THE 2001-02 SCHOOL YEAR, a public school that receives an academic performance rating of "low" or "unsatisfactory", pursuant to section 22-7-604, for the 2000-01 school year.

(II) "ELIGIBLE SCHOOL" MEANS, FOR THE 2002-03 SCHOOL YEAR AND SCHOOL YEARS THEREAFTER, A PUBLIC SCHOOL THAT RECEIVES AN

ACADEMIC PERFORMANCE RATING OF "UNSATISFACTORY", PURSUANT TO SECTION 22-7-604, FOR THE 2000-01 SCHOOL YEAR.

(2) (a) (I) There is hereby established in the department the teacher pay incentive program to provide moneys to school districts with poorly performing schools to recruit and maintain quality teachers. EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (a), in the first school year following the year that a public school becomes an eligible school, and for each of the three subsequent school years, an eligible school shall receive a grant from the program in an amount equal to the per pupil grant amount calculated pursuant to paragraph (b) of this subsection (2), multiplied by the number of students enrolled in the eligible school. If, in any school year during the period in which the eligible school receives grants, the eligible school receives a school improvement rating of "significant improvement", the eligible school shall receive an additional award in an amount equal to the significant improvement bonus per pupil amount calculated pursuant to paragraph (c) of this subsection (2), multiplied by the number of students enrolled in the eligible school. If, in any school year during the period in which the eligible school receives grants, the eligible school receives a school improvement rating of "improvement", the eligible school shall receive an additional award in an amount equal to the improvement bonus per pupil amount calculated pursuant to paragraph (d) of this subsection (2), multiplied by the number of students enrolled in the eligible school.

(II) ANY PUBLIC SCHOOL THAT QUALIFIED FOR FUNDING AS AN ELIGIBLE SCHOOL, AS DEFINED IN SUBPARAGRAPH (I) OF PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION, FOR THE 2001-02 BUDGET YEAR BUT DOES NOT QUALIFY AS AN ELIGIBLE SCHOOL, AS DEFINED IN SUBPARAGRAPH (II) OF PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION, SHALL RECEIVE FUNDING PURSUANT TO THIS SECTION FOR THE 2001-02 BUDGET YEAR ONLY.

(b) The per pupil grant amount shall be an amount equal to ~~twelve million six hundred thirty thousand~~ THREE MILLION SIX HUNDRED TWENTY THOUSAND dollars divided by the total number of students enrolled in all eligible schools.

(3) (a) Moneys received from an award under this section shall be paid only as bonuses to teachers or for the payment of the costs of other benefits associated with a bonus paid to a teacher. The district school board of any school district with an eligible school shall determine in accordance

with this section the policies and procedures by which teachers shall receive a bonus and the amount of the bonus. ~~except that the minimum amount of a yearly bonus to a teacher shall be one thousand dollars. The bonuses may only be used to:~~

~~(I) Reward outstanding teacher performance;~~

~~(II) Offer a recruitment bonus to encourage a teacher who holds a master certificate pursuant to section 22-60.5-202 to teach at the eligible school or a retention bonus to such a teacher who has taught at the school for at least one school year;~~

~~(III) Offer a recruitment bonus to encourage a teacher in a hard-to-recruit subject or a retention bonus to such a teacher who has taught at the school for at least one school year; or~~

~~(IV) Defray housing and living expenses if an eligible school is located in a community with a lack of adequate affordable housing.~~

~~(b) (i) To give a bonus under subparagraph (I) of paragraph (a) of this subsection (3), the district school board or district superintendent must specifically identify a data-driven evaluation based upon the results of student performance on the assessments administered pursuant to section 22-7-409 that was used to determine which teachers should receive the bonus.~~

~~(ii) To give a recruitment bonus under subparagraph (II) or (III) of paragraph (a) of this subsection (3), the district school board or district superintendent must identify an open teaching position that is filled by a new teacher.~~

~~(iii) The state board shall determine by rule what subjects constitute hard-to-recruit subjects for purposes of subparagraph (III) of paragraph (a) of this subsection (3).~~

SECTION 53. Article 54 of title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

22-54-123.5. School breakfast program - appropriation - low-performing schools. (1) FOR THE 2002-03 BUDGET YEAR AND EACH

BUDGET YEAR THEREAFTER, THE GENERAL ASSEMBLY SHALL APPROPRIATE BY SEPARATE LINE ITEM A MINIMUM OF FIVE HUNDRED THOUSAND DOLLARS TO ASSIST SCHOOL DISTRICTS THAT ARE PROVIDING A SCHOOL BREAKFAST PROGRAM THROUGH PARTICIPATION IN PROGRAMS AUTHORIZED UNDER THE "NATIONAL SCHOOL LUNCH ACT", 42 U.S.C. SEC. 1751 ET SEQ., OR THE "CHILD NUTRITION ACT", 42 U.S.C. SEC. 1771 ET SEQ. THE DEPARTMENT SHALL DEVELOP PROCEDURES TO APPROPRIATELY ALLOCATE AND DISBURSE THE FUNDS AMONG PARTICIPATING SCHOOL DISTRICTS. EACH SCHOOL DISTRICT THAT RECEIVES MONEYS PURSUANT TO THIS SECTION SHALL USE SUCH MONEYS TO CREATE, EXPAND, OR ENHANCE THE SCHOOL BREAKFAST PROGRAM IN EACH LOW-PERFORMING SCHOOL OF THE RECEIVING DISTRICT WITH THE GOAL OF IMPROVING THE ACADEMIC PERFORMANCE OF THE STUDENTS ATTENDING SUCH SCHOOLS.

(2) AS USED IN THIS SECTION, "LOW-PERFORMING SCHOOL" MEANS A SCHOOL THAT RECEIVED IN THE PRECEDING SCHOOL YEAR AN ACADEMIC PERFORMANCE RATING OF LOW OR UNSATISFACTORY PURSUANT TO SECTION 22-7-604.

SECTION 54. Title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW ARTICLE to read:

ARTICLE 86
Summer School Grant Program
Facility Schools

22-86-101. Legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(a) MANY CHILDREN WHO ARE PLACED OUTSIDE THE HOME, EITHER AS A RESULT OF A DEPENDENCY OR NEGLECT ACTION OR THROUGH INVOLVEMENT IN THE JUVENILE JUSTICE SYSTEM, ARE CURRENTLY RECEIVING EDUCATIONAL SERVICES THROUGH FACILITY SCHOOLS, INCLUDING BUT NOT LIMITED TO SCHOOLS OPERATED BY RESIDENTIAL TREATMENT CENTERS, RESIDENTIAL CHILD CARE FACILITIES, AND OTHER FORMS OF GROUP HOMES FOR CHILDREN.

(b) IN MANY CASES, CHILDREN RECEIVING EDUCATIONAL SERVICES THROUGH FACILITY SCHOOLS ARE PERFORMING ACADEMICALLY BELOW GRADE LEVEL AND ARE IN NEED OF EDUCATIONAL SERVICES THAT CONTINUE

BEYOND THOSE PROVIDED IN A NORMAL ACADEMIC YEAR.

(c) IN MANY CASES, WHEN THEY RETURN TO THEIR HOMES, THESE CHILDREN ALSO RETURN TO THE PUBLIC SCHOOL SYSTEM WITH A LEARNING DEFICIT THAT MAY REQUIRE SIGNIFICANT EDUCATIONAL RESOURCES TO OVERCOME AND THAT MAY RESULT IN LOW PERFORMANCE ON ASSESSMENTS ADMINISTERED PURSUANT TO THE COLORADO STUDENT ASSESSMENT PROGRAM.

(d) ASSISTING FACILITY SCHOOLS TO CONTINUE PROVIDING EDUCATIONAL SERVICES TO CHILDREN THROUGHOUT THE SUMMER MONTHS WILL HELP TO REDUCE THE LEARNING DEFICIT EXPERIENCED BY MANY OF THESE CHILDREN AND WILL THEREBY ASSIST SCHOOL DISTRICTS IN WORKING WITH THESE CHILDREN WHEN THEY RETURN TO THE PUBLIC SCHOOL SYSTEM.

(2) THE GENERAL ASSEMBLY THEREFORE FINDS THAT A PROGRAM TO PROVIDE GRANTS TO FACILITY SCHOOLS TO ASSIST THEM IN PROVIDING SUMMER SCHOOLS FOR CHILDREN RESIDING IN RESIDENTIAL FACILITIES IS AN ACCOUNTABLE PROGRAM TO MEET STATE ACADEMIC STANDARDS AND MAY THEREFORE RECEIVE FUNDING FROM THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION.

(3) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE FACILITY SUMMER SCHOOL GRANT PROGRAM CREATED IN THIS ARTICLE RECEIVE FUNDING FOR THE 2002-03 FISCAL YEAR FROM THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION AND THAT ANY ADDITIONAL FUNDING IN SUBSEQUENT FISCAL YEARS FROM THE STATE EDUCATION FUND BE SUBJECT TO REVIEW AND DETERMINATION BY THE GENERAL ASSEMBLY ON AN ANNUAL BASIS.

22-86-102. Definitions. AS USED IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "CSAP" MEANS THE COLORADO STUDENT ASSESSMENT PROGRAM ADMINISTERED PURSUANT TO SECTION 22-7-409.

(2) "DEPARTMENT" MEANS THE DEPARTMENT OF EDUCATION CREATED IN SECTION 24-1-115, C.R.S.

(3) "FACILITY SCHOOL" MEANS A SCHOOL THAT IS OPERATED BY A RESIDENTIAL CHILD CARE FACILITY, A RESIDENTIAL TREATMENT CENTER, OR

ANOTHER FACILITY INCLUDED ON THE FACILITY LIST MAINTAINED BY THE STATE BOARD PURSUANT TO SECTION 22-2-107 (1) (p) AND THAT RECEIVES A PORTION OF THE PER PUPIL OPERATING REVENUES OF ONE OR MORE SCHOOL DISTRICTS TO PROVIDE EDUCATIONAL SERVICES FOR CHILDREN WHO ARE INCLUDED ON THE ROLL OF OUT-OF-DISTRICT PLACED CHILDREN.

(4) "GRANT PROGRAM" MEANS THE FACILITY SUMMER SCHOOL GRANT PROGRAM CREATED PURSUANT TO SECTION 22-86-103.

(5) "STATE BOARD" MEANS THE STATE BOARD OF EDUCATION CREATED PURSUANT TO SECTION 1 OF ARTICLE IX OF THE STATE CONSTITUTION.

22-86-103. Facility summer school grant program - creation - rules. (1) THERE IS HEREBY CREATED THE FACILITY SUMMER SCHOOL GRANT PROGRAM TO PROVIDE GRANTS TO FACILITY SCHOOLS THAT OPERATE SUMMER SCHOOL PROGRAMS FOR THE CHILDREN RESIDING IN THE FACILITIES. THE GRANT PROGRAM SHALL BE DESIGNED TO ASSIST FACILITY SCHOOLS IN PROVIDING INTENSIVE EDUCATIONAL SERVICES IN THE AREAS OF READING, WRITING, MATHEMATICS, AND SCIENCE FOR CHILDREN WHO ARE PERFORMING BELOW GRADE LEVEL IN THESE AREAS.

(2) THE DEPARTMENT SHALL ADMINISTER THE GRANT PROGRAM AND THE STATE BOARD SHALL AWARD GRANTS AS PROVIDED IN THIS ARTICLE, SUBJECT TO AVAILABLE APPROPRIATIONS. GRANTS SHALL BE PAID OUT OF THE FACILITY SUMMER SCHOOL GRANT PROGRAM FUND CREATED PURSUANT TO SECTION 22-86-106.

(3) THE STATE BOARD SHALL PROMULGATE RULES IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S., TO IMPLEMENT THE GRANT PROGRAM, INCLUDING BUT NOT LIMITED TO RULES SPECIFYING THE TIME FRAMES FOR SUBMITTING GRANT PROGRAM APPLICATIONS, THE FORM OF THE GRANT PROGRAM APPLICATION, AND THE TIME FRAMES FOR DISTRIBUTION OF THE GRANT MONEYS.

(4) THE DEPARTMENT SHALL SOLICIT AND MAY RECEIVE SUCH PUBLIC AND PRIVATE GIFTS, GRANTS, AND DONATIONS AS MAY BE AVAILABLE TO FUND THE GRANT PROGRAM. ANY MONEYS SO RECEIVED SHALL BE TRANSFERRED TO THE STATE TREASURER FOR DEPOSIT IN THE FACILITY SUMMER SCHOOL GRANT PROGRAM FUND CREATED PURSUANT TO SECTION

22-86-106.

22-86-104. Facility summer school grant program - application - criteria. (1) A FACILITY SCHOOL THAT SEEKS TO RECEIVE A GRANT PURSUANT TO THIS ARTICLE SHALL SUBMIT AN APPLICATION TO THE DEPARTMENT IN ACCORDANCE WITH RULES PROMULGATED BY THE STATE BOARD. THE APPLICATION SHALL INCLUDE THE FOLLOWING INFORMATION:

(a) THE NUMBER OF CHILDREN RECEIVING EDUCATIONAL SERVICES FROM THE FACILITY SCHOOL;

(b) THE GRADE LEVELS OF CHILDREN RECEIVING EDUCATIONAL SERVICES FROM THE FACILITY SCHOOL AND THEIR LEVELS OF ACADEMIC PERFORMANCE IN THE AREAS OF READING, WRITING, MATHEMATICS, AND SCIENCE, INCLUDING THEIR LEVELS OF PERFORMANCE ON THE MOST RECENTLY ADMINISTERED CSAP ASSESSMENTS, IF AVAILABLE;

(c) A DESCRIPTION OF THE EDUCATIONAL SERVICES, INCLUDING BUT NOT LIMITED TO THE CURRICULA PROVIDED BY THE FACILITY SCHOOL AND THE EDUCATIONAL SERVICES THE FACILITY SCHOOL WOULD ANTICIPATE PROVIDING THROUGH A SUMMER SCHOOL PROGRAM;

(d) A DESCRIPTION OF THE METHOD USED BY THE FACILITY SCHOOL TO MEASURE CHILDREN'S ACADEMIC PERFORMANCE, INCLUDING THE METHOD USED TO DETERMINE WHETHER A CHILD IS PERFORMING AT, BELOW, OR ABOVE GRADE LEVEL AND THE METHOD, IF ANY, USED TO DETERMINE A CHILD'S ACADEMIC GROWTH OVER TIME;

(e) AN ITEMIZATION OF OTHER SOURCES OF FUNDING RECEIVED BY THE FACILITY SCHOOL AND USED TO PROVIDE EDUCATIONAL SERVICES, INCLUDING BUT NOT LIMITED TO A SUMMER SCHOOL PROGRAM;

(f) A DESCRIPTION OF THE GOALS THAT THE FACILITY SCHOOL'S SUMMER SCHOOL PROGRAM IS EXPECTED TO ACHIEVE AND THE METHOD BY WHICH THE FACILITY SCHOOL WILL MEASURE ACHIEVEMENT OF THE GOALS; AND

(g) ANY ADDITIONAL INFORMATION REQUIRED BY RULE OF THE STATE BOARD.

(2) THE DEPARTMENT SHALL REVIEW THE APPLICATIONS RECEIVED

FROM FACILITY SCHOOLS PURSUANT TO THIS SECTION AND SHALL MAKE RECOMMENDATIONS TO THE STATE BOARD CONCERNING THE AWARDING OF GRANTS AND THE AMOUNTS OF THE GRANTS. THE STATE BOARD SHALL TAKE INTO CONSIDERATION THE RECOMMENDATIONS OF THE DEPARTMENT AND SHALL ANNUALLY AWARD GRANTS TO FACILITY SCHOOLS IN AMOUNTS SPECIFIED BY THE STATE BOARD. IN AWARDING GRANTS PURSUANT TO THIS ARTICLE, THE STATE BOARD SHALL:

(a) CONSIDER THE GEOGRAPHIC LOCATION OF THE FACILITY SCHOOL AND, TO THE EXTENT POSSIBLE, ENSURE THAT GRANT MONEYS ARE AWARDED TO FACILITY SCHOOLS THROUGHOUT THE STATE;

(b) AWARD GRANTS TO FACILITY SCHOOLS THAT ARE IMPLEMENTING SUMMER SCHOOL PROGRAMS USING CURRICULA THAT ARE RESEARCH-BASED AND THAT HAVE BEEN USED WITH DEMONSTRATED SUCCESS EITHER BY THE APPLYING FACILITY SCHOOL OR BY ANOTHER SCHOOL; AND

(c) AWARD GRANTS TO FACILITY SCHOOLS THAT DEMONSTRATE SUCCESS IN IMPROVING THE ACADEMIC PERFORMANCE OF CHILDREN WHO ARE PERFORMING BELOW GRADE LEVEL IN THE AREAS OF READING, WRITING, MATHEMATICS, AND SCIENCE.

22-86-105. Reporting requirements. (1) ON OR BEFORE OCTOBER 1, 2004, AND ON OR BEFORE OCTOBER 1 EACH YEAR THEREAFTER, EACH FACILITY SCHOOL THAT RECEIVES A GRANT PURSUANT TO THIS ARTICLE SHALL SUBMIT A REPORT TO THE DEPARTMENT AFTER COMPLETION OF EACH ACADEMIC YEAR IN WHICH THE FACILITY SCHOOL PARTICIPATES IN THE GRANT PROGRAM. THE REPORT SHALL INCLUDE THE FOLLOWING INFORMATION:

(a) THE NUMBER OF CHILDREN WHO PARTICIPATED IN THE FACILITY SCHOOL'S SUMMER SCHOOL PROGRAM;

(b) THE LEVELS OF PERFORMANCE IN READING, WRITING, MATHEMATICS, AND SCIENCE DEMONSTRATED BY THE CHILDREN PARTICIPATING IN THE SUMMER SCHOOL PROGRAM BOTH BEFORE PARTICIPATION IN THE PROGRAM AND DURING THE SCHOOL YEAR FOLLOWING PARTICIPATION IN THE PROGRAM; AND

(c) SUCH OTHER INFORMATION AS THE STATE BOARD MAY BY RULE REQUIRE TO ASSESS THE EFFECTIVENESS OF THE FACILITY SCHOOL'S SUMMER

SCHOOL PROGRAM AND OF THE GRANT PROGRAM.

22-86-106. Facility summer school grant program fund. THERE IS HEREBY CREATED IN THE STATE TREASURY THE FACILITY SUMMER SCHOOL GRANT PROGRAM FUND, REFERRED TO IN THIS SECTION AS THE "FUND", FOR THE PAYMENT OF FACILITY SUMMER SCHOOL GRANTS AWARDED PURSUANT TO THIS ARTICLE. THE FUND SHALL CONSIST OF SUCH MONEYS AS MAY BE APPROPRIATED THERETO FROM THE STATE GENERAL FUND AND FROM THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION, AS WELL AS ANY MONEYS RECEIVED BY THE DEPARTMENT PURSUANT TO SECTION 22-86-103 (4). THE MONEYS IN THE FUND ARE SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY TO THE DEPARTMENT FOR THE PURPOSES SPECIFIED IN THIS ARTICLE. THE DEPARTMENT MAY EXPEND UP TO ONE PERCENT OF THE MONEYS ANNUALLY APPROPRIATED FROM THE FUND TO OFFSET THE DOCUMENTED COSTS INCURRED IN IMPLEMENTING THE GRANT PROGRAM. ALL INTEREST DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE FUND SHALL BE CREDITED TO THE FUND. AT THE END OF ANY FISCAL YEAR, ALL UNEXPENDED AND UNENCUMBERED MONEYS IN THE FUND SHALL REMAIN THEREIN AND SHALL NOT BE CREDITED OR TRANSFERRED TO THE GENERAL FUND OR ANY OTHER FUND.

SECTION 55. Part 1 of article 60.5 of title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

22-60.5-112.5. National credential - fee assistance - one-time payments. (1) (a) BEGINNING JULY 1, 2002, THE DEPARTMENT OF EDUCATION SHALL ASSIST PERSONS WHO ARE SEEKING NATIONAL CREDENTIALS BY PAYING A PORTION OF THE FEES CHARGED FOR SUCH NATIONAL CREDENTIAL. FEE ASSISTANCE PURSUANT TO THIS SECTION SHALL BE AVAILABLE TO ANY PERSON WHO:

(I) IS SEEKING A NATIONAL CREDENTIAL FROM AN APPROVED PROFESSIONAL ORGANIZATION AS A REQUIREMENT FOR OR IN THE COURSE OF OBTAINING MASTER TEACHER CERTIFICATION PURSUANT TO THIS ARTICLE;

(II) RECEIVES NATIONAL CREDENTIAL FEE ASSISTANCE THROUGH A FEDERAL ASSISTANCE PROGRAM;

(III) IS EMPLOYED AS A TEACHER IN A PUBLIC SCHOOL IN THIS STATE

AT THE TIME OF APPLYING FOR FEE ASSISTANCE PURSUANT TO THIS SECTION;
AND

(IV) APPLIES FOR NATIONAL CREDENTIAL FEE ASSISTANCE AS PROVIDED IN THIS SECTION.

(b) THE AMOUNT OF FEE ASSISTANCE PAID PURSUANT TO THIS SUBSECTION (1) SHALL BE EQUAL TO THE AMOUNT OF THE NATIONAL CREDENTIAL FEE RECEIVED BY THE APPLYING TEACHER THROUGH A FEDERAL ASSISTANCE PROGRAM.

(2) (a) TO APPLY FOR NATIONAL CREDENTIAL FEE ASSISTANCE PURSUANT TO THIS SECTION, A PERSON SHALL PRESENT TO THE DEPARTMENT OF EDUCATION THE FOLLOWING ITEMS:

(I) PROOF THAT THE PERSON HAS BEGUN THE PROCESS TO OBTAIN THE NATIONAL CREDENTIAL AND IDENTIFICATION OF THE NATIONAL CREDENTIAL PROGRAM IN WHICH THE PERSON WILL PARTICIPATE TO OBTAIN THE NATIONAL CREDENTIAL;

(II) PROOF THAT THE PERSON HAS RECEIVED OR WILL RECEIVE NATIONAL CREDENTIAL FEE ASSISTANCE THROUGH A FEDERAL ASSISTANCE PROGRAM AND THE AMOUNT OF SUCH ASSISTANCE; AND

(III) PROOF THAT THE PERSON IS EMPLOYED AS A TEACHER AT A PUBLIC SCHOOL IN THIS STATE AT THE TIME OF APPLYING FOR NATIONAL CREDENTIAL FEE ASSISTANCE.

(b) FOLLOWING RECEIPT OF THE ITEMS SPECIFIED IN PARAGRAPH (a) OF THIS SUBSECTION (2) AND VERIFICATION THAT THE PERSON MEETS THE CRITERIA SPECIFIED IN SUBSECTION (1) OF THIS SECTION, THE DEPARTMENT OF EDUCATION SHALL FORWARD THE FEE ASSISTANCE TO THE IDENTIFIED NATIONAL CREDENTIAL PROGRAM ON BEHALF OF THE PERSON IN THE AMOUNT SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE FEE ASSISTANCE SHALL BE PAID OUT OF MONEYS IN THE NATIONAL CREDENTIAL FUND CREATED IN PARAGRAPH (b) OF SUBSECTION (4) OF THIS SECTION.

(c) IF A PERSON WHO RECEIVES FEE ASSISTANCE PURSUANT TO THIS SECTION DOES NOT COMPLETE THE NATIONAL CREDENTIAL PROGRAM FOR WHICH HE OR SHE RECEIVED SUCH ASSISTANCE, THE NATIONAL CREDENTIAL PROGRAM SHALL REFUND TO THE DEPARTMENT OF EDUCATION THE AMOUNT

OF FEE ASSISTANCE PAID ON BEHALF OF SAID PERSON.

(3) (a) THE STATE BOARD OF EDUCATION SHALL PROMULGATE RULES AS NECESSARY FOR THE IMPLEMENTATION OF THIS SECTION, INCLUDING BUT NOT LIMITED TO A RULE IDENTIFYING THOSE NATIONALLY RECOGNIZED PROFESSIONAL CREDENTIALING ORGANIZATIONS THAT ARE APPROVED FOR PURPOSES OF THIS SECTION.

(b) THE DEPARTMENT OF EDUCATION SHALL SEEK AND IS AUTHORIZED TO ACCEPT AND EXPEND ANY PUBLIC OR PRIVATE GIFTS, GRANTS, AND DONATIONS THAT MAY BE AVAILABLE TO FUND THE PURPOSES SPECIFIED IN THIS SECTION. ALL SUCH GIFTS, GRANTS, AND DONATIONS SHALL BE TRANSMITTED TO THE STATE TREASURER WHO SHALL CREDIT THE SAME TO THE NATIONAL CREDENTIAL FUND CREATED IN PARAGRAPH (b) OF SUBSECTION (4) OF THIS SECTION.

(4) (a) THE GENERAL ASSEMBLY RECOGNIZES THAT, TO OBTAIN A NATIONAL CREDENTIAL FROM AN APPROVED PROFESSIONAL ORGANIZATION, A TEACHER MUST DEMONSTRATE EXCELLENCE IN TEACHING SKILLS AND ACHIEVE A VERY HIGH LEVEL OF PERFORMANCE. THE GENERAL ASSEMBLY FURTHER RECOGNIZES THAT INCENTIVES TO ENCOURAGE TEACHERS TO OBTAIN NATIONAL CREDENTIALING WILL BENEFIT THE STUDENTS OF COLORADO BY ENCOURAGING TEACHERS TO ACHIEVE HIGHER LEVELS OF PERFORMANCE. THEREFORE, THE GENERAL ASSEMBLY HEREBY FINDS THAT, FOR PURPOSES OF SECTION 17 OF ARTICLE IX OF THE STATE CONSTITUTION, PROVIDING NATIONAL CREDENTIAL FEE ASSISTANCE TO TEACHERS WHO OBTAIN A NATIONAL CREDENTIAL FROM AN APPROVED PROFESSIONAL ORGANIZATION CONSTITUTES A PERFORMANCE INCENTIVE FOR TEACHERS AND SUCH TEACHERS MAY THEREFORE RECEIVE FUNDING FROM THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION.

(b) THERE IS HEREBY CREATED IN THE STATE TREASURY THE NATIONAL CREDENTIAL FUND, REFERRED TO IN THIS PARAGRAPH (b) AS THE "FUND". THE FUND SHALL CONSIST OF ANY MONEYS APPROPRIATED THERETO BY THE GENERAL ASSEMBLY FROM THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION OR FROM THE STATE GENERAL FUND AND ANY MONEYS CREDITED THERETO PURSUANT TO PARAGRAPH (b) OF SUBSECTION (3) OF THIS SECTION. MONEYS IN THE FUND SHALL BE SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY. MONEYS APPROPRIATED FROM THE FUND SHALL BE USED FOR THE PAYMENT

OF FEE ASSISTANCE PURSUANT TO THIS SECTION. ALL INTEREST DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE FUND SHALL BE CREDITED TO THE FUND. ANY AMOUNT REMAINING IN THE FUND AT THE END OF ANY FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT BE TRANSFERRED OR CREDITED TO THE GENERAL FUND OR TO ANY OTHER FUND.

(5) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "APPROVED PROFESSIONAL ORGANIZATION" MEANS A NATIONALLY RECOGNIZED PROFESSIONAL CREDENTIALING ORGANIZATION THAT IS APPROVED BY RULE OF THE STATE BOARD OF EDUCATION.

(b) "NATIONAL CREDENTIAL" MEANS A CERTIFICATION OR OTHER FORM OF REGISTRATION OR CREDENTIAL ISSUED BY A NATIONALLY RECOGNIZED PROFESSIONAL CREDENTIALING ORGANIZATION. "NATIONAL CREDENTIAL" SHALL INCLUDE, BUT NEED NOT BE LIMITED TO, CERTIFICATION BY THE NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS.

SECTION 56. 22-41-104 (2), Colorado Revised Statutes, is amended to read:

22-41-104. Lawful investments. (2) The state treasurer has authority, to be exercised at the state treasurer's discretion, to effect exchanges or sales whenever such exchanges or sales will not result in any ultimate loss of principal and to effect exchanges or sales that will result in a loss of principal whenever such loss can be offset by a corresponding gain within ~~the same~~ THREE fiscal year YEARS of such exchange or sale. No exchange or sale of securities shall be consummated by the state treasurer ~~which~~ THAT will result in a net loss of principal unless the general assembly has previously appropriated a sum to the public school fund equivalent to the anticipated net loss of principal from such exchange or sale.

SECTION 57. 23-3.9-102 (2) (c) (II), Colorado Revised Statutes, is amended to read:

23-3.9-102. Teacher loan forgiveness pilot program - administration - fund - conditions. (2) In addition to any qualifications specified by the commission, to qualify for the teacher loan forgiveness

pilot program, a teacher shall:

(c) (II) Be fully qualified under a training program approved by a federal court or agency or the STATE department OF EDUCATION; and

SECTION 58. The introductory portion to 22-7-409 (1.2) (d) (I) and 22-7-409 (1.2) (d) (I) (B), Colorado Revised Statutes, are amended to read:

22-7-409. Assessments - repeal. (1.2) (d) (I) Every student enrolled in a public school shall be required to take the assessments administered pursuant to subsection (1) of this section AT THE GRADE LEVEL IN WHICH THE STUDENT IS ENROLLED, AS DETERMINED BY THE SCHOOL DISTRICT; except that the students described in sub-subparagraph (A) of this subparagraph (I) shall be required only to take the assessments required by said sub-subparagraph. However, the scores of the following students shall not be used by the state for purposes of calculating school academic performance ratings pursuant to section 22-7-604 (~~5~~) or for accreditation pursuant to article 11 of this title:

(B) Any student who transfers into the school after ~~February 1~~ OCTOBER 1 of the school year in which the assessment is administered; and

SECTION 59. 22-7-605, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-7-605. School accountability reports - format. (9.5) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE CONTRARY, THE DEPARTMENT SHALL NOT INCLUDE ON ANY SCHOOL ACCOUNTABILITY REPORT A STATEMENT THAT THE INFORMATION PROVIDED IN SAID REPORT IS INDEPENDENTLY AUDITED AND VERIFIED FOR ACCURACY UNLESS SUCH INFORMATION HAS IN FACT BEEN SO AUDITED AND VERIFIED.

SECTION 60. 22-36-101, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-36-101. Choice of programs and schools within school districts. (5) (a) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (5), ANY PUPIL WHO ENROLLS IN A SCHOOL DISTRICT OTHER THAN THE PUPIL'S SCHOOL DISTRICT OF RESIDENCE PURSUANT TO THIS

ARTICLE MAY REMAIN ENROLLED IN THAT SCHOOL DISTRICT'S SCHOOL OR PROGRAM THROUGH THE END OF THE SCHOOL YEAR.

(b) THIS SUBSECTION (5) SHALL NOT APPLY IF:

(I) THE NONRESIDENT PUPIL IS EXPELLED PURSUANT TO STATUTE FROM THE SCHOOL OR PROGRAM DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (5);

(II) THE NONRESIDENT PUPIL'S ATTENDANCE OR PARTICIPATION IN THE SCHOOL OR PROGRAM DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (5) REQUIRES THE SCHOOL DISTRICT TO PERFORM ANY OF THE FUNCTIONS DESCRIBED IN SUBPARAGRAPHS (I) TO (III) OF PARAGRAPH (b) OF SUBSECTION (2) OF THIS SECTION; OR

(III) THE NONRESIDENT PUPIL IS EXCLUDED FROM THE SCHOOL OR PROGRAM DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (5) FOR ANY OF THE REASONS DESCRIBED IN PARAGRAPHS (a) TO (d) OF SUBSECTION (3) OF THIS SECTION.

SECTION 61. 22-7-606 (1) (a) and (3), Colorado Revised Statutes, are amended to read:

22-7-606. School accountability reports - delivery website - repeal. (1) (a) The department shall deliver each public school's annual accountability report to the public school by September 15, 2001, ~~and by September 15~~ NOVEMBER 15, 2002, AND BY NOVEMBER 15 each year thereafter. The department shall print and provide to the public school copies of the accountability reports in the amount of: Total pupil enrollment at last annual count, plus the total number of teachers as listed on the school accountability report, plus an additional twenty-five percent.

(3) (a) The department shall develop an internet website, which homepage address shall be "www.state.co.us/schools", specifically to place each public school's accountability report on the internet. The department shall design the website so that users may search for a particular school's accountability report through a number of sorting functions, including but not limited to school district, county, city, and zip code.

(b) EACH YEAR, UPON COMPLETING THE PREPARATION OF THE

SCHOOL ACCOUNTABILITY REPORTS AND TRANSMITTING SUCH REPORTS FOR PRINTING, the department shall annually update the website to include each school accountability report prepared by the department and shall maintain at the website an archive accessible by internet users of the three previous years' school accountability reports. The website shall allow users to easily compare schools' overall academic performance ratings as determined pursuant to section 22-7-604. Such comparison shall be facilitated by search tools that allow a user, at a minimum, to find schools within different geographic ranges of another school and to find schools within different geographic areas and zip codes.

(c) On or before January 1, 2001, the state board shall contract with a private entity for the design, including the search and sort functions, of the school accountability report website. The department shall award the contract based upon a competitive bid; except that the provisions of the "Procurement Code", articles 101 to 112 of title 24, C.R.S., shall not apply to this contract.

SECTION 62. Part 6 of article 7 of title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

22-7-609.6. School improvement - appropriations. ON AND AFTER JULY 1, 2003, THE GENERAL ASSEMBLY MAY APPROPRIATE SUCH MONEYS AS ARE AVAILABLE TO ASSIST SCHOOL DISTRICTS IN IMPROVING THE ACADEMIC IMPROVEMENT OF SCHOOLS THAT RECEIVED AN ACADEMIC IMPROVEMENT RATING OF "UNSATISFACTORY". IN ADDITION, THE DEPARTMENT OF EDUCATION MAY ALLOCATE ANY MONEYS RECEIVED PURSUANT TO THE FEDERAL "NO CHILD LEFT BEHIND ACT OF 2001", PUBLIC LAW 107-110, FOR SUCH PURPOSE.

SECTION 63. No appropriation. The general assembly has determined that the increase in minimum per pupil funding pursuant to section 22-54-104 (2) (a) (V) (B), Colorado Revised Statutes, and the expansion of on-line students pursuant to section 22-33-104.6 (5) (b), Colorado Revised Statutes, can be implemented within the appropriation of general fund moneys for total program made in the long appropriations bill for the 2002-03 fiscal year in compliance with section 22-54-104.1 (4), Colorado Revised Statutes, and therefore no separate appropriation of general fund moneys is necessary to carry out said sections.

SECTION 64. Appropriation - adjustments to the 2002 long bill.

(1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the state education fund created in section 17 (4) of article IX of the state constitution not otherwise appropriated, to the department of education, for the fiscal year beginning July 1, 2002, the sum of two hundred twenty-nine thousand dollars (\$229,000), or so much thereof as may be necessary, for the implementation of section 22-7-603.7, Colorado Revised Statutes.

(2) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the state public school fund, created in section 22-54-114, Colorado Revised Statutes, not otherwise appropriated, to the department of education, for the fiscal year beginning July 1, 2002, the sum of two hundred sixty thousand three hundred fifty-four dollars (\$260,354), or so much thereof as may be necessary, for the implementation of section 22-54-125, Colorado Revised Statutes.

(3) In addition to any other appropriation, for the fiscal year beginning July 1, 2002, there is hereby appropriated, out of any moneys in the state education fund created in section 17 (4) of article IX of the state constitution not otherwise appropriated, to the facility summer school grant program fund created in section 22-86-106, Colorado Revised Statutes, the sum of five hundred thousand dollars (\$500,000), and such sum, or so much thereof as may be necessary, is further appropriated to the department of education, for the implementation of article 86 of title 22, Colorado Revised Statutes.

(4) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of education, for the fiscal year beginning July 1, 2002, the sum of five hundred thousand dollars (\$500,000), or so much thereof as may be necessary, for the implementation of section 22-54-123.5, Colorado Revised Statutes.

(5) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the state education fund created in section 17 (4) of article IX of the state constitution not otherwise appropriated, to the national credential fund created in section 22-60.5-112.5 (4) (b), Colorado Revised Statutes, for the fiscal year beginning July 1, 2002, the sum of sixty thousand dollars (\$60,000), and such sum, or so much thereof as may be necessary, is further appropriated

to the department of education, for the implementation of section 22-60.5-112.5, Colorado Revised Statutes.

(6) For the implementation of this act, appropriations made in the annual general appropriation act for the fiscal year beginning July 1, 2002, shall be adjusted as follows:

(a) The cash funds exempt appropriation to the department of education, assistance to public schools, grant programs and other distributions, for the state public school fund, school capital construction expenditures reserve, is decreased by fifteen million six hundred twenty-seven thousand eight hundred eighty-six dollars (\$15,627,886). Of said sum, seven million eight hundred thirteen thousand nine hundred forty-three dollars (\$7,813,943) shall be from the state education fund, created pursuant to section 17 (4) of article IX of the state constitution, and seven million eight hundred thirteen thousand nine hundred forty-three dollars (\$7,813,943) shall be from the state public school fund, school capital construction expenditures reserve established in section 22-54-117 (1.5), Colorado Revised Statutes.

(b) The cash funds exempt appropriation to the department of education, assistance to public schools, grant programs and other distributions, for the teacher pay incentive program, is decreased by nine million ten thousand dollars (\$9,010,000). Said sum shall be from the state education fund, created pursuant to section 17 (4) of article IX of the state constitution.

(c) The appropriation to the department of education, assistance to public schools, public school finance, for the state share of districts' total program funding, is increased by two million eight hundred ninety thousand four hundred dollars (\$2,890,400), or so much thereof as may be necessary, to expand the number of preschool slots. Of said sum, one million five hundred twelve thousand one hundred eighty-seven dollars (\$1,512,187) shall be from the state education fund created pursuant to section 17 (4) of article IX of the state constitution, and one million three hundred seventy-eight thousand two hundred thirteen dollars (\$1,378,213) shall be from the general fund.

(d) The cash funds exempt appropriation to the department of education, assistance to public schools, public school finance, for the state share of districts' total program funding, is decreased by two hundred sixty

thousand three hundred fifty-four dollars (\$260,354). Said sum shall be from the state public school fund, created in section 22-54-114, Colorado Revised Statutes.

(e) The appropriation to the department of education, assistance to public schools, public school finance, for the state share of districts' total program funding, is increased by two million five hundred eighty-seven thousand four hundred six dollars (\$2,587,406), or so much thereof as may be necessary, for the implementation of section 22-54-104 (5) (a) (IX), Colorado Revised Statutes. Said sum shall be from the state education fund, created pursuant to section 17 (4) of article IX of the state constitution.

SECTION 65. Appropriation - adjustments to the 2002 long bill.

(1) In addition to any other appropriation, for the fiscal year beginning July 1, 2002, there is hereby appropriated, out of any moneys in the state education fund created in section 17 (4) of article IX of the state constitution not otherwise appropriated, to the school construction and renovation fund created in section 22-43.7-103 (1), Colorado Revised Statutes, the sum of nine hundred thousand dollars (\$900,000), and such sum, or so much thereof as may be necessary, is further appropriated to the department of education, for the purpose of providing matching grants for eligible capital construction projects in accordance with article 43.7 of title 22, Colorado Revised Statutes.

(2) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the school construction and renovation fund created in section 22-43.7-103 (1), Colorado Revised Statutes, not otherwise appropriated, to the department of education, for the fiscal year beginning July 1, 2002, the sum of four million one hundred thousand dollars (\$4,100,000), or so much thereof as may be necessary, for the purpose of providing matching grants for eligible capital construction projects in accordance with article 43.7 of title 22, Colorado Revised Statutes.

(3) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the state education fund created in section 17 (4) of article IX of the state constitution, not otherwise appropriated, to the school capital construction expenditures reserve in the state public school fund created in section 22-54-117 (1.5), Colorado Revised Statutes, for the fiscal year beginning July 1, 2002, the sum of ten

million dollars (\$10,000,000), and such sum, or so much thereof as may be necessary, is further appropriated to the department of education, for the purpose of providing supplemental assistance for school district capital expenditures in accordance with section 22-54-117 (1.5), Colorado Revised Statutes.

(4) (a) In addition to any other appropriation, there is hereby appropriated, to the department of education, for the fiscal year beginning July 1, 2002, the sum of twenty thousand dollars (\$20,000), or so much thereof as may be necessary, for the purpose of implementing section 22-2-122, Colorado Revised Statutes. Said sum shall be from the general fund.

(b) It is the intent of the general assembly that the general fund appropriation in paragraph (a) of this subsection (4) shall be derived from savings generated from the implementation of the provisions of House Bill 02-1226, as enacted during the Second Regular Session of the Sixty-third General Assembly.

(5) For the implementation of this act, appropriations made in the annual general appropriation act for the fiscal year beginning July 1, 2002, shall be adjusted as follows:

(a) The cash funds exempt appropriation of lottery proceeds to the department of education, assistance to public schools, grant programs and other distributions, for the state public school fund, contingency reserve, is decreased by four million one hundred thousand dollars (\$4,100,000).

(b) The general fund appropriation to the department of education, assistance to public schools, grant programs and other distributions, for the teacher development fund, is decreased by nine hundred seventy-eight thousand two hundred thirteen dollars (\$978,213).

(c) The cash funds exempt appropriation from the teacher development fund, created in section 22-7-708, Colorado Revised Statutes, to the department of education, assistance to public schools, grant programs and other distributions, for the teacher development grant program, is decreased by nine hundred seventy-eight thousand two hundred thirteen dollars (\$978,213).

(d) The general fund appropriation to the department of education,

assistance to public schools, grant programs and other distributions, for the state public school fund, contingency reserve, is decreased by nine hundred thousand dollars (\$900,000).

APPROPRIATION FROM

ITEM & SUBTOTAL	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$

SECTION 66. Part III (2) (A) of section 2 of chapter 363, Session Laws of Colorado 2001, as amended by House Bill 02-1368 enacted at the Second Regular Session of the Sixty-third General Assembly, is amended to read:

Section 2. **Appropriation.**

**PART III
DEPARTMENT OF EDUCATION**

(2) ASSISTANCE TO PUBLIC SCHOOLS

(A) Public School Finance

State Share of Districts'

Total Program Funding ¹⁹ ₂₀	2,215,611,114		2,065,696,689		9,877,183 ^a	140,037,242 ^b
Additional State Aid Related to Locally Negotiated Business Incentive Agreements	1,856,928		1,856,928			
	2,217,468,042					

^a This amount shall be from rental income earned on public school lands.

^b Of this amount, ~~\$89,726,005~~ \$95,726,005 shall be from the State Education Fund created in Section 17 (4) of Article IX of the State Constitution, and ~~\$50,311,237~~ \$44,311,237 shall be from the State Public School Fund created in Section 22-54-114, C.R.S. Of the amount from the State Public School Fund, ~~\$26,300,000~~ \$20,300,000 is estimated to be from federal mineral leasing revenues transferred to the State Public School Fund pursuant to Section 22-54-114 (1), \$3,274,700 is estimated to be from reserves, \$17,736,537 is estimated to be from interest earned on moneys in the Public School Fund and transferred to the State Public School Fund pursuant to Section 22-41-106, C.R.S., and \$3,000,000 is estimated to be from audit recoveries deposited in the State Public School Fund pursuant to Section 22-54-114 (4), C.R.S.

SECTION 67. Effective date. (1) This act shall take effect upon passage; except that section 22-2-122, Colorado Revised Statutes, contained in section 46 of this act, and subsection (4) of section 65 of this act shall take effect only if:

(a) The final fiscal estimate for House Bill 02-1226, as reflected in the appropriations clause for said act, shows a net general fund savings that is equal to or greater than the final general fund fiscal estimate for this act, as reflected in subsection (4) of section 65 of this act; and

(b) House Bill 02-1226 is enacted at the Second Regular Session of the Sixty-third General Assembly and becomes law.

SECTION 68. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Doug Dean
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Stan Matsunaka
PRESIDENT OF
THE SENATE

Judith Rodrigue
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Karen Goldman
SECRETARY OF
THE SENATE

APPROVED _____

Bill Owens
GOVERNOR OF THE STATE OF COLORADO