



**Committee on School District
Size, Boundary, and
Organizational Issues**

**Report to the
COLORADO
GENERAL ASSEMBLY**

**Colorado Legislative Council
Research Publication No. 404
October 1995**

RECOMMENDATIONS FOR 1996

**COMMITTEE ON SCHOOL DISTRICT
SIZE, BOUNDARY, AND
ORGANIZATIONAL ISSUES**

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October 17, 1995

To Members of the Sixtieth General Assembly:

Submitted herewith is the final report of the 1995 Interim Committee on School District Size, Boundary and Organizational Issues. Pursuant to Section 2-3-303.3, C.R.S., this committee was established by resolution of the Executive Committee of Legislative Council at its June 8, 1995 meeting.

At its meeting on October 17, 1995, the Legislative Council reviewed the final report of this committee. A motion to forward this report and the bills therein for consideration in the 1996 session was approved.

Respectfully submitted,

Senator Tom Norton,
Chairman
Colorado Legislative Council

TN/CW/bj

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COMMITTEE ON SCHOOL DISTRICT SIZE, BOUNDARY, AND ORGANIZATIONAL ISSUES

Members of the Committee

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EXECUTIVE SUMMARY

The Interim Committee on School District Size, Boundary, and Organizational Issues recommends one bill for consideration by the Legislative Council.

Committee Charge

The committee was charged with undertaking a study of issues pertaining to school district size, boundaries, and organization. In particular, the committee was directed to examine the following:

- the optimum size of schools and school districts and incentives for school districts to reorganize to reach the optimum size;
- current statutory provisions for changing school district boundaries; and
- benefits and detriments of allowing charter school districts.

The committee was also charged with keeping abreast of any federal developments impacting the state in the subject area of the committee and making appropriate recommendations to the Executive Committee.

Committee Activities

The committee held three public meetings and had discussions which drew upon staff research, expert testimony, and comments from school district representatives and the general public to address the specific provisions in its charge.

Committee Recommendations

Bill 1 – Concerning the Reorganization of School Districts. Bill 1 primarily makes revisions to the School District Organization Act of 1992. Within that act, the bill changes the steps for activating the reorganization process, modifies the reorganization planning process itself, updates the requirements for submission of the plan to the electorate, and makes other amendments. The bill also amends the Public School Finance Act of 1994 and the statutes authorizing capital improvement zones.

COMMITTEE ON SCHOOL DISTRICT SIZE, BOUNDARY, AND ORGANIZATIONAL ISSUES REPORT

Committee Charge

The Interim Committee on School District Size, Boundary, and Organizational Issues was established on June 8, 1995, with the adoption of the Interim Committee Study Resolution of the Executive Committee of the Legislative Council. The resolution charged the committee with undertaking a study of issues pertaining to school district size, boundaries, and organization, including the following:

- an examination of the optimum sizes of schools and school districts in terms of efficient operation and educational opportunities available to students enrolled in such schools and school districts;
- a review of existing barriers for school district consolidation and deconsolidation; a monitoring of district reorganization activities to achieve optimum size; and recommendations of incentives to achieve optimum-sized districts and disincentives to discourage reorganizations that produce other than optimum-sized districts;
- an analysis of current statutory provisions for changing school district boundaries and recommendations for modifying statutory provisions concerning: 1) detachment of territory from one school district and annexation to another district, 2) deconsolidation to reflect the presence of differing communities of interest within a district, and 3) creation of a new school district out of portions of existing school districts to reflect the presence of a community of interest in such new district; and
- an examination of the benefits and detriments of allowing school districts to operate under individual charters and recommendation of procedures for development, adoption, and operation of school districts under such charters.

The study resolution also required the legislative staff agencies to apprise interim committees of any federal developments impacting the state in the subject area of the committee, and to provide alternative options for addressing such impacts. Interim committees were directed to consider the options and to report their findings and recommendations to the Executive Committee.

Committee Activities

The Interim Committee on School District Size, Boundary, and Organizational Issues held three public meetings, drawing upon staff research, expert testimony, and comments from school district representatives and the general public to address the specific provisions in its charge.

Optimum Size of School Districts. The committee invited a national expert on the impact of school district size on operational efficiencies and educational opportunity to present such issues to the committee. Dr. Gerald Bass of the University of North Dakota testified before the committee, offering his expertise as a researcher and his experience as a former teacher and school administrator. He suggested that there is no single optimum size for schools or school districts because efficiencies vary for different functions. In discussing tactics to make districts achieve an optimum size, Dr. Bass explained that state funding programs differ across the nation as to how size is addressed, but all can be categorized into four basic types: "intolerance" (mandated consolidation); "indifference" (no state aid); "aid to all"; and "aid to some." He suggested that if Colorado chose not to pursue a specific policy regarding optimum school district size, the state could act as a clearinghouse for information on successful programs to help districts make the most efficient use of their resources.

A panel of school district board members and superintendents was invited to offer testimony regarding the optimum school and school district size. The panel represented a variety school districts with rural and urban interests and with enrollments ranging from 275 to 80,000 pupils. The consensus of the panel was that different efficiencies may exist at several different enrollment levels. The panel also concluded that each region of the state demands individualized educational services for its students; thus, the state should not mandate a specific sized school or school district.

Reorganization Issues. Staff reported to the committee on current law and recent school district reorganization activities in the field. Legislative Council staff described the process for reorganizing school districts under current law, highlighting sections where amendments or modifications had been suggested. Staff from the Colorado Department of Education (CDE) described the history of

school district reorganization in Colorado and several recent citizen attempts to reorganize existing districts.

A second panel of school district personnel, taxpayers, and other interested persons offered testimony on the legislative obstacles to reorganization efforts. Specifically, panel members discussed the following situations:

- School Districts 60 and 70 in Pueblo are currently negotiating a detachment and annexation of land located in Pueblo West;
- Citizens in Crested Butte recently failed in their attempt to convince voters to divide the Gunnison school district in order to establish a new district in Crested Butte; and
- Citizens in Broomfield are hoping to establish a new district in Broomfield, to be made up of detached portions of several existing districts.

Charter School Districts. The committee discussed the benefits and detriments of allowing school districts to operate under independent charters granted by the state and received public testimony on the subject. Particular emphasis was given to the experience of other states, most notably Texas, in granting individual districts broad waivers to state regulations.

Committee Recommendations

The Interim Committee on School District Size, Boundary, and Organizational Issues recommends one bill.

Bill 1 — Concerning the Reorganization of School Districts. Bill 1 primarily makes revisions to the School District Organization Act of 1992. The bill also amends the Public School Finance Act of 1994 and the statute authorizing capital improvement zones, Article 43.5 of Title 22, C.R.S. Table 1 summarizes the committee's position on each issue, the relevant provisions of current law, and the proposed amendments contained in Bill 1.

Table 1. ISSUES, CURRENT LAW, AND RECOMMENDATIONS OF THE INTERIM COMMITTEE ON SCHOOL DISTRICT SIZE, BOUNDARY, AND ORGANIZATIONAL ISSUES

Issue	Current Law	Committee Recommendation
ACTIVATION OF REORGANIZATION PLANNING PROCESS		
<p>To make the process easier, the number of petition signatures required to start the reorganization process should be reduced. However, districts should not be inundated with petitions each year.</p>	<p>To activate the school district organization planning process by petition, petitioners must obtain the signatures of 25 percent of the electors of each affected district. There is no limit on the number of reorganization petitions which can be submitted. (Section 22-30-105, Colorado Revised Statutes)</p>	<p>Except for detachments and annexations, the 25 percent requirement is reduced to 15 percent. Reorganization petitions are limited to one per school district every three years. (Section 1)</p>
<p>It is unnecessary for petitioners to collect signatures in all affected districts to simply start the process for detachment and annexation, since the plan requires final approval by all affected voters.</p>	<p>Proponents of reorganization must obtain the signatures of 25 percent of the electors of each affected district to initiate the reorganization process. (Section 22-30-105, C.R.S.)</p>	<p>In a detachment and annexation, where no new district is created, proponents must obtain the signatures of 25 percent of the eligible electors residing in the area to be detached and annexed. (Section 1)</p>
<p>The reorganization act does not adequately address certain types of reorganizations, specifically, detachments and annexations.</p>	<p>Prior to submission to the voters, a planning committee must submit a map of the new districts to the department of education. If voters approve the plan, the clerk in each county where the election was held must furnish a map showing the boundaries of the new school districts. (Section 22-30-119, C.R.S.)</p>	<p>In a detachment and annexation, where no new district is created, the committee and the clerk must file maps showing the new boundaries of affected districts. (Sections 3 and 8)</p>
<p>If a reorganization involving several districts plan fails in only one district, proponents should be able to continue their efforts in the districts which favored reorganization.</p>	<p>If a proposed reorganization plan fails to be adopted in any district affected by the plan, the planning committee is dissolved. (Section 22-30-121, C.R.S.)</p>	<p>If the plan fails, or if a mill levy election associated with the plan fails, the committee dissolves. However, if the plan involves three or more districts and fails overall but is adopted by voters in two or more districts, the planning committee members from the approving districts may submit a new organization plan involving the school districts where the plan was approved. (Section 11)</p>

Issue	Current Law	Committee Recommendation
REORGANIZATION PLANNING PROCESS		
<p>The current requirements for a plan of organization are inadequate; the plan should be required to address all necessary components of a reorganization so that voters will have all necessary information before them when they are asked to decide on a reorganization.</p>	<p>Current law requires that a plan of organization consider the following:</p> <ul style="list-style-type: none"> • the educational needs of students; • diverse educational opportunities; • equalization of educational opportunities; • efficiency and effectiveness of organizational options; • facility utilization; • boundaries of the proposed district(s); and • distribution of property and cash assets. (Section 22-30-114 (1), C.R.S.) 	<p>The bill requires that the following also be included in a plan of organization, where applicable:</p> <ul style="list-style-type: none"> • election date for adoption of the final plan; • election date for district board; • election date for financial issues; • an estimated mill levy to be imposed in the reorganized school district; and • if the plan results in the creation of a new district, a source of operating funds for the district before receiving state assistance. <p>In addition, the plan may address distribution of liabilities (other than bonded debt) of the original district, and, if one or more districts are created within the boundaries of an existing district, the plan may authorize the reorganized districts to enter into revenue sharing agreements or form a joint taxation district. (Sections 4 and 13)</p>
<p>Detachments and annexations should be treated like other reorganizations for purposes of addressing the distribution of assets in a plan.</p>	<p>Among other issues, a plan of organization must address the distribution of property and cash assets when a new district is created. In distributing assets, the committee must consider several factors specified in law. (Section 22-30-114 (1), C.R.S.)</p>	<p>The bill requires that plans for detachments and annexations, where no new district is created, must also address the equitable adjustment and distribution of property and cash assets. (Section 4)</p>
SUBMISSION OF PLAN TO ELECTORATE		
<p>The state has an interest in school finance which should be considered along with Art. X, Sec. 20 of the state constitution.</p>	<p>No similar provision.</p>	<p>School district reorganization is conditional upon voter approval of both the plan and any necessary mill levy increase. (Section 7)</p>
<p>There are undue restrictions in the act; the reorganization process should be flexible while still taking into account the timing of elections.</p>	<p>An election on the plan of organization must be held no later than 45 days after final approval of the plan by the commissioner and the planning committee. (Section 22-30-117, C.R.S.)</p>	<p>The 45-day limitation is eliminated; the election must be held on the date specified in the organization plan. (Section 7)</p>

Issue	Current Law	Committee Recommendation
<p>The law should provide guidelines for addressing the financial aspects of reorganization, especially within Art. X, Sec. 20 of the constitution.</p>	<p>No similar provision.</p>	<p>If a reorganization requires voter approval on financial matters, an election date to address such matters must be specified in the plan. The election on financial matters may be held in conjunction with the election on the organizational plan. (Section 12)</p>
<p>Planning committee membership should better reflect reorganization interests.</p>	<p>Planning committees must include members appointed by district advisory accountability committees who are parents of students attending schools in the affected area; in reorganizations involving only one district, members must serve on a building advisory accountability committee. (Section 22-30-106, C.R.S.)</p>	<p>If no public schools are located in the affected area, a reorganization committee involving more than one district must include a resident of the affected area who is either a parent of children attending school in the affected district or a landowner. In reorganizations involving only one district, the committee must include members who are either parents of students attending school in the affected district or landowners. Landowners may only be appointed if there are not sufficient parents to meet the requirements. (Section 2)</p>
<p>OTHER FACTORS AFFECTING REORGANIZATION</p>		
<p>Reorganized districts have a need for additional capital financing tools.</p>	<p>Current law requires that several criteria exist before a capital improvement zone may be created. These criteria include the following:</p> <ul style="list-style-type: none"> • prior voter rejection of a bond proposal; • the proposed zone contains at least one-sixth of the district's assessed valuation; • the district's enrollment has increased by three percent or 350 pupils; • the proposed zone includes at least 5,000 pupils or 10 percent of the district's enrollment, whichever is less; • the zone is within only one district; and • the area of the proposed zone does not overlap any other zone. (Section 22-43.5-102, C.R.S.) 	<p>For a reorganized district, the bill suspends all of the district-specific criteria for 36 months after the reorganization. In that situation, the only remaining criteria are the prohibitions against capital improvement zones crossing district boundaries and overlapping capital improvement zones. (Section 18)</p>

Issue	Current Law	Committee Recommendation
<p>Because voters are concerned about the ability of districts to meet the educational expectations of reorganized districts, those districts pursuing reorganization should have adequate tools to address differences in tax bases.</p>	<p>No similar provision.</p>	<p>The bill allows for creation of a joint taxation district (JTD) when one or more new districts are created within the boundaries of an existing school district. Sharing the larger assessed value of the original district among the new districts, a JTD may issue debt, impose an override mill levy, or both, subject to voter approval. The plan of organization must specify a formula for distributing revenue; a date for the JTD to assume body corporate status; and the membership, method of selection, and terms of office of the board. The plan may specify a debt limit for the JTD and a time limit for its existence. A JTD board must have at least five members, with one member from each participating school board. For purposes of calling for and certifying elections for bonded debt or an override, the JTD board has the same powers as a local board of education. For purposes of calculating the limit on bonded debt, the debt of a JTD is added to the debt of the districts comprising the JTD. (Sections 17, 22, 23, and 24)</p>
<p>SCHOOL FINANCE ISSUES</p>		
<p>The law should specify when reorganized districts are eligible for state school finance act funding.</p>	<p>No similar provision.</p>	<p>For school finance purposes, a reorganization plan takes effect on July 1 following certification of election results. (Section 10)</p>
<p>The law should provide guidance in determining reorganized districts' cost-of-living factors under the Public School Finance Act of 1994, without providing incentives for or against reorganization.</p>	<p>Individual cost-of-living factors are determined by dividing a district's cost of living amount by the lowest cost of living amount of all districts in the state. New cost-of-living factors are to be certified to the department of education every two years. (Section 22-54-104 (5), C.R.S.)</p>	<p>The CDE must establish rules and regulations for assigning a cost-of-living factor to new districts until a factor is certified. The interim factor cannot provide an incentive for or against reorganization. A "hold harmless" provision is included to ensure that a new district's cost-of-living factor is not reduced solely because of district consolidation. New districts which result from a deconsolidation retain their old cost-of-living factor until a new one is certified. (Section 19)</p>

