

**COLORADO DEPARTMENT OF EDUCATION  
PUBLIC SCHOOL FINANCE UNIT  
HB08-1388**

**CONCERNING THE FINANCING OF PUBLIC SCHOOLS**  
(By summarizing the language in the bill, this does not alter the statutory language nor should it be considered legal advice in any way. For detailed language, please see the applicable section within the bill.)

**FINAL SUMMARY PASSED BY HOUSE AND SENATE**  
Tuesday, May 6, 2008  
Headed to the Governor for Signature

**ISSUE--FINANCE FORMULA**

**Section 1 & 2:**

**"Inflation" Plus 1% to Statewide Base Per Pupil Funding in FY 2008-09**

**2.2% Inflation + 1% Amendment 23 (\$5,087.61 + \$162.80 = \$5,250.41 plus \$9.86 plus \$9.86 per pupil = \$5,270.13**

**General Assembly intends that school districts use \$9.86 per pupil of additional money to assist in attracting and retaining teachers and to preserve the amount allocated to educating students in the face of escalating costs of operations and the education of students.**

**General Assembly declares the additional \$9.86 per pupil to be used to provide assistance to first and second grade teachers.**

**A 3.6% increase would be applied to the "online" per-pupil funding amount, increasing it from \$6,135 in FY 2007-2008 to \$6,355 in FY 2008-09.**

**Note: The minimum Per-pupil Allocation for Capital and/or Insurance Reserves would be increased by 2.2% (Inflation only increase) to \$298 for FY2008-09 from \$292 in FY 2007-2008.**

**The amount to be budgeted shall be determined by multiplying \$298 by the district's funded pupil count minus the district's on-line pupil enrollment.**

**Section 3:**

**Funded Pupil Count Definition:**

District's Online Pupil Enrollment

Plus

District's Preschool and Kindergarten Program Enrollment

Plus

**District's Supplemental Kindergarten Enrollment (.08 of K count)**

Plus

The greater of: current year; or average of current year and previous year; or average of current year and previous two years; or average of current year and previous three years; **or average of current year and previous four years (up to five year averaging).**

**Removes facility pupils from districts' counts for FY2004-05, FY2005-06, 2006-07, and 2007-08 for the purpose of excluding them from the pupil enrollment and averaging in FY2008-09.**

Districts which had out-of-district placed pupils in facilities in FY2007-08 will receive \$292 per pupil for the number of facility pupils in the FY2007-08 count, for a total appropriation of approximately \$587,504.

**Section 4:**

“Pupil Enrollment” does not include a pupil placed in a facility as defined in 22-54-129(1)(c) and who is receiving services through an approved facility school as defined in 22-54-129(1)(a). (Districts would no longer count pupils in “out-of-district” placement in facilities, nor would they be able to retain the capital/insurance reserve allocation amount for those students projected to be \$298 X 2012 pupils for a total of \$599,576.) (Removes approximately \$7.3 million from school district Total Program Funding that would have been forwarded to the State for payment to facilities for out-of-district placement.)

**Section 5:**

“Supplemental Kindergarten Enrollment” - Kindergarten pupils will be counted as .5 FTE, but a factor of .58 FTE will be used for funding purposes. (Approximately \$31.7 million additional funding towards phasing in full-day kindergarten)

**Section 5:**

Leaves maximum allowable capital/insurance reserve allocation at \$800.

Note: If the district has moneys in its capital reserve fund equal to or in excess of \$1,490 multiplied by the district’s funded pupil count minus the district’s on-line pupil enrollment, the minimum per pupil allocation is not required.

For the 2007-08 budget year and each budget year thereafter, allows a school district that sells lands or buildings and deposits the proceeds of the sale into the district’s capital reserve fund to reduce the total amount of per pupil revenues that the district is required to allocate to the fund by an amount equal to the amount of the sale proceeds deposited into the fund.

The minimum Per-pupil Allocation for Instructional Supplies and Materials would be increased by 2.2% (Increase Inflation Only) to \$184 for FY 2008-2009 from \$180 in FY2007-2008.

The amount to be budgeted shall be determined by multiplying \$184 by (the district’s funded pupil count minus the district’s on-line pupil enrollment).

Beginning in FY2006-07, if a district’s expenditures for instructional supplies and materials, instructional capital outlay, and other instructional purposes exceeds the amount required to be budgeted in a given budget year, the district may subtract an amount equal to the amount of the excess expenditures in that budget year from the amount required to be budgeted for the subsequent budget year. (22-54-105, C.R.S.)

Strikes the required allocation of the district’s per pupil operating revenues multiplied by the district’s preschool and kindergarten program enrollment to Fund 19 preschool and kindergarten program fund in section 22-45-103(1)(g).

**Section 7:**

22-54-108, C.R.S. Authorization of additional local revenues. Changes language as follows: “....total additional local property tax revenues that may be authorized

at RECEIVED PURSUANT TO elections held pursuant to this section shall not exceed under any circumstances twenty percent of the district's total program or two hundred thousand dollars, whichever is greater.

For purposes of clarification, the bill repeals the requirement that districts request a specific dollar amount of property taxes, permitting a broader range of questions on the ballot.

**Section 8:**

**22-54-109, C.R.S. Attendance in district other than district of residence.**

Eliminates district reporting of students in "out-of-district placement" in their October count.

Eliminates the district responsibility for PPOR for children with disabilities for students in out-of-district placements.

**Section 9:**

**Reports to State Board 22-54-112 (4) (a), Every school, charter school and institute charter school shall include in the materials for pupil registration the pupil application form to participate under the federal "National School Lunch Act" or the Family Economic Data Survey form if the school does not participate in the federal lunch program.**

The registration materials shall include an explanation to parents that the pupil application form will be used to identify pupils eligible for at-risk funding and by filling out the form is ensuring the school district or school will receive the at-risk funding to which it is entitled.

**Small Attendance Center Aid 22-54-122, C.R.S**

Limits small attendance center aid to districts or institute charter schools that:

- received such aid prior to FY2008-09
- has more than one elementary or secondary school attendance center
- operates one or more elementary or secondary attendance centers that have pupil enrollments of less than two hundred that are located twenty or more miles from any similar attendance center in the same district.
- No new schools will be eligible.

**Section 10:**

**State Aid for Charter Schools 22-54-124, C.R.S.**

To the existing \$5 million, adds another \$5 million to Charter School Capital Construction Aid under 22-54-124 to be distributed based on per pupil distribution for a total of \$10 million, of which \$135,000 shall be distributed to the Rocky Mountain School for the Deaf pursuant to 22-54-133.

**Section 11:**

**See Section 2 – Facility pupils removed from district counts.**

**New Section 22-54-129. Facility School Funding – Definitions.**

Pupils receiving instructional services at an “approved facility school” would receive funding based on the statewide average PPR (statewide Total Program divided by statewide funded pupil count) times 1.33 to provide funding for 12 months of instruction. Facility schools would submit the count of pupils enrolled on October 1 or the school day nearest said date to the department by November 10<sup>th</sup> each year. (Adds approximately \$18.4 million for 12 months of services for facility students.) (Taking into account the decrease in funding at the district level described in section 3, projected net increase in funding \$11,360,208 of which \$4.8 million is included in the Long Bill).

Note: Approved 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 department.

The Statewide Average PPR for each pupil counted in an approved facility school would be placed in an account within the Department. The Department would allow facilities to bill monthly, based on FTE membership, for a portion of the monies in the account. Monies would be prorated if insufficient monies available to fully fund the FTE membership billed by facilities.

State Board shall promulgate rules, seeking input from facility schools and the facility schools board.

**New Section – 22-54-130. Hold-harmless full-day kindergarten funding.**

Hold-harmless full-day kindergarten funding will be provided to the school districts that received full-day kindergarten funding through the Colorado Preschool and Kindergarten Program in FY2007-08 (2,454 half-day slots). The districts will receive funding based on .42 times the full-time kindergarten slots each district had in FY2007-08 or the number of children enrolled in kindergarten in the applicable budget year, whichever is less times the district’s PPR. (22-54-130, C.R.S.)

Funding will be provided based on the difference of 1 minus the full-day kindergarten factor of .58, which is equal to .42 for FY2008-09. (Approximately \$7.3 million additional funding.)

**New Section – 22-54-131. Full-day kindergarten funding – guidelines – legislative intent.**

Districts are encouraged to use supplemental full-day kindergarten funding and hold-harmless full-day kindergarten funding to expand the district’s existing full-day kindergarten program rather than defray costs of the existing program.

Districts are encouraged to follow the basic program standards established by the State Board pursuant to Article 28 Colorado Preschool and Kindergarten Program. Funding for “Hold-Harmless and Supplemental Full-Day Kindergarten” shall be used to provide access to a full-day kindergarten program unless the district is

providing full-day kindergarten services to at least 90% of the pupils who choose to attend the district's full-day kindergarten program. Then, the monies can be used for other purposes.

Districts are encouraged to prioritize children who are homeless when enrolling children in full-day kindergarten programs.

Technical assistance may be requested from the department regarding implementation of a full-day kindergarten program and ongoing training of personnel.

For FY2009-10 through FY2013-14, it is the intent of the General Assembly to increase annually the appropriation to be used by districts to provide full-day kindergarten programs as follows:

FY2009-10	\$60 million
FY2010-11	\$70 million
FY2011-12	\$80 million
FY2012-13	\$90 million
FY2013-14	\$100 million

#### **New Section: 22-54-132 Declining Enrollment Study**

No later than September 15, 2008, the Department shall contract with a private person or entity to conduct a study to evaluate how declining enrollment impacts the students that remain in the declining enrollment districts and to recommend possible remedies. The study shall consider impacts to students in districts with:

- ✓ Long-term decline in enrollment
- ✓ Large short-term decline in enrollment
- ✓ Districts in which an increasing number of pupils attend a charter school

In addition, the study shall, at a minimum, include information regarding:

- ✓ Data on all declining enrollment districts (size, rural or urban area)
- ✓ Effect of this article on inconsistent declining pupil enrollment
- ✓ Costs to provide and maintain an average classroom of instruction
- ✓ Fixed costs of providing special education transportation, English language acquisition, career & technical education and capital construction
- ✓ Costs of salaries & benefits for district employees, including scheduled retirement benefit increases and health insurance
- ✓ For urban areas, the effect growing neighboring districts have on declining enrollment district's ability to provide competitive salary increases and educational programs
- ✓ Ways this article may slow effects but fails to address long-term financial solutions regarding future fixed costs for declining enrollment districts
- ✓ Impact school choice has on districts with declining pupil enrollment
- ✓ Barriers to and incentives for consolidation for
  - Declining enrollment districts
  - Small attendance center aid
  - Affect of absorbing the academic ratings of partnering districts

The Department shall submit a report to the General Assembly on or before March 15, 2009.

**New Section: 22-54-133 Charter school for the deaf or the blind – supplementary facility funding – definitions.**

**A charter school in which no less than 90% of funded pupils have an IEP (Individualized Education Program), pursuant to section 22-20-108 and are eligible to attend the Colorado School for the Deaf and Blind.**

**Districts which had out-of-district placed pupils in facilities in FY2007-08 will receive \$292 per pupil for the number of facility pupils in the FY2007-08 count, for a total appropriation of approximately \$587,504.**

**Section 12:**

**A State Board member shall not be a member of the General Assembly, an officer, employee or board member of a school district, charter school, or (new language added “Charter School Institute”) or employee of the state board or the department. (22-2-105, C.R.S.) Only for newly elected board members after bill is passed.**

**Sections 13 & 14:**

**Changes the grade level under the summer school grant program for students entering the FIFTH grade (strikes fourth grade). (22-7-801, C.R.S.)**

**Defines an “eligible student” for the summer school grant program as a student who will begin ~~fourth~~, fifth, sixth, seventh, or eighth grade in the next academic year and who has received an unsatisfactory score on the reading, writing, or mathematics CSAP assessment. (22-7-802, C.R.S.)**

**Section 15:**

**School districts are not required to pay excess costs to an approved facility school during the summer months (June, July, and August).**

**Section 16:**

**An administrative unit may conduct special educational programs as prescribed in 22-20-112 for any length of time; except that the administrative unit must meet the minimum length of time established by law for school districts.**

**Section 17:**

**Funding of programs. 22-20-114 (2)(a)(II) – Beginning in FY2008-09, subject to available appropriations, the General Assembly shall appropriate \$4 million (increased from \$2 million in FY2006-07 and FY2007-08) to fund grants to administrative units for reimbursement of high costs incurred in providing special education services in the preceding budget year.**

**Section 18:**

**Special education high-cost grants – Of the total appropriation, the committee shall use:**

- **50% of the amount to award grants to administrative units that have one or more children served in out-of-district placement for special education services**
- **50% of the amount to award grants to administrative units with one or more children being served in an in-district placement for special**

- education services.
- Specifies priority shall be based on highest percentage of audited expenditures for high cost services to special education students served by an Administrative Unit.

**Section 19:**

Adds 3,800 preschool slots (1,950 FTE) to the Colorado Preschool Program for a total of 20,160 preschool slots. Changes previous full-time kindergarten slots to preschool slots beginning in FY2008-09 (2,454 slots) – for a total preschool expansion of 6,254 slots. (Note: 3,500 slots were already included in statute as an expansion for preschool. This bill adds 300 more slots and replaces the existing full-day K slots with preschool slots that will be re-allocated.) (Adds approximately \$987,000 for 300 preschool slots.)

**Section 20:**

Allows a district to “apply to the department” for permission to use up to half of the moneys allocated for a new preschool program to prepare for the program in the first half of the year and then provide preschool services in the second half of the year.

**Section 21:**

Criteria for district preschool programs (22-28-108, C.R.S.)

The bill reinstates all of the spending and tracking requirements related to the direct instruction of preschool students enrolled in the Colorado Preschool Program. Districts are not required to maintain Fund 19, but the allocation and expenditures would have to be tracked within the General Fund (using Grant Code 3141) and a reserve of any unexpended amount at fiscal year end. Overhead costs cannot exceed 5% of the allocation.

**Section 22:**

A member of institute board shall not be a member of the general assembly; an officer, employee, or board member of a school district, charter school, (new language added “or a member of the State Board”); or an employee of the institute board or the department. Only for newly elected members following passage of this bill.

**Section 23:**

Adds language to 22-43-102 Bonded indebtedness – elections.

Allows a district to submit a question of contracting a bonded indebtedness: (2)(a)(VII) For acquiring, constructing, or improving any capital asset that the district is authorized by law to own.

**Section 24: (ONLY IF HB08-1335 IS NOT ENACTED)**

Creates a full-day kindergarten facility capital construction assistance grant program that is subject to annual appropriations provided by the general assembly.

The State Board shall provide grants with 50% of monies and matching grants with 50% of the monies to renovate facilities or to provide a temporary auxiliary facility that will be used to provide a full-day kindergarten program in both traditional and charter schools. (22-43.7-301,

C.R.S.)

22-43.7-302, C.R.S., Applications from school districts on behalf of district schools or district charter schools or directly from institute charter schools shall be submitted to the department no later than July 1 each year that includes:

- Description of scope and nature of renovation project or temporary auxiliary facility;
- Description of architectural, functional, and construction standards to be applied;
- Estimated total cost of project;
- Form and amount of financial effort that will be provided by district or institute charter school;
- Demonstration of district's or institute charter school's ability and willingness to maintain the renovated facility;
- Any other information required for evaluation.

The State Board shall prioritize applications for grants or matching grants based on the following criteria, in descending order of importance:

- Projects in districts that have lower relative wealth based on per pupil assessed valuation with the district or the number of students receiving free or reduced lunch;
- Projects in districts that have reached 90% or more of their bonded indebtedness limit;
- Projects in districts or institute charter schools that have previously demonstrated consistent efforts to allocate moneys to the capital reserve fund in excess of the minimum amounts required.
- Maximize the total number of students statewide who will be able to attend a full day of kindergarten due to the renovation project or temporary facility.

**Section 25: (ONLY IF HB08-1335 IS ENACTED)**

22-43.7-201 Creation of full-day kindergarten facility capital construction fund. Shall consist of monies from annual appropriations, interest, and earned income. Any unexpended monies remain in the fund at the end of a budget year. Shall be used for the grant program described in previous section, but would become a program under BEST.

The Public School Capital Construction Assistance Board shall accept applications, review applications, and prepare a prioritized listing of projects to be recommended to the State Board for approval, disapproval or modification of the provision of financial assistance.

Adds an appropriation of \$34.7 million for full-day kindergarten related capital.

**Section 27:**

Budget - contents – mandatory. Adds subsection 22-44-105 (1.5)(c) If at any time during the fiscal year following the adoption of a budget by a board of education the school district determines that the use of an additional portion of the school district's beginning fund balance is necessary, the board of education shall adopt a resolution meeting at least the minimum requirements specified in paragraph (a)



of this subsection (1.5) before using the additional portion of the beginning fund balance.

**Section 28:**

**Budget – consideration – adoption. 22-44-110 (5), C.R.S.** After the adoption of the budget, the board may review and change the budget, with respect to both revenues and expenditures, at any time prior to ~~October 15~~ JANUARY 31 of the fiscal year for which the budget was adopted. After ~~October 15~~ JANUARY 31, the board shall not review or change the budget except as authorized by this article;

....

**Sections 29:**

**22-44-118. Full-day kindergarten reserve – tracking of expenditures – preschool and kindergarten programs.**

A district that does not report any full-day kindergarten pupils in the October 1 count shall hold the moneys received for full-day kindergarten programs through supplemental kindergarten enrollment in a full-day kindergarten reserve in the district's General Fund.

Monies in the reserve cannot be used until the district provides a full-day kindergarten program to some or all of its kindergarten pupils.

Once a district provides a full-day kindergarten program to one or more of its pupils, the full-day kindergarten reserve is no longer necessary.

The Financial Policies and Procedures Advisory Committee shall establish tracking requirements deemed necessary by the committee for the monies that a district receives through supplemental kindergarten enrollment, and if applicable for the Colorado Preschool and Kindergarten Program established under Article 28.

**Section 30:**

**22-60.5-112.5 National credential – fee assistance – one time payments.**

Subject to available appropriations, the Department 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:

~~Strikes (II) Receives national credential fee assistance through a federal assistance program;~~

~~—(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.~~

**Section 31:**

**22-2-408 Approved Facility Schools** shall submit pupil enrollment to the Department and receive funding from the Department in accordance with 22-54-129.

Allows the Department to withhold 2% of the amount payable to each approved facility school to offset the costs incurred by the unit and the facility schools

board.

**Section 32:**

**New Section: 24-48.5-109 – STEM after-school education pilot grant program.**  
Provides an appropriation of \$300,000 that will be transferred to the Governor’s Office for the pilot program.

**Section 33:**

**22-54-104(d)(II)(A).** District total program. Changes numbering from paragraph (d) to subsection (3.5).

**Repeals section 22-45-103(1)(g) Colorado Preschool and Kindergarten Fund.**  
Fund 19 would no longer be necessary – accounting for CPKP would take place within the General Fund.

**Section 34:**

**New Section – Adds Article 69 the Alternative Teacher Compensation Plan Act and provides \$1 million to provide grants to school districts. Incorporates the House of Representatives Version of SB08-065.**

**Section 35: Appropriations**

Department of Education – 6.0 FTE for administration of Colorado Preschool Program Expansion	\$430,616
Department of Education - contracting of declining enrollment study	\$200,000
High Cost Grants – Special Education	\$2,000,000
Full-day K Capital Construction	\$34,700,000
STEM Program – Governor’s Office	\$300,000
Facility School Funding	\$18,475,256
Hold Harmless Full-day Kindergarten Funding	\$7,356,409
Hold Harmless Facility School Funding	\$587,504
Department of Human Services - Division of Child Care - 1.5 FTE	\$85,092
Gifted and Talented	\$200,000
Increase Statewide Base – District’s State Share	\$20,000,000
Pupil Enrollment Averaging	\$9,226,000
Supplemental Kindergarten Enrollment	\$31,719,892
State Share to Districts – Facility Schools Enrollment	(\$13,333,976)
Add 300 slots to Colorado Preschool Program	\$987,000
Increase Charter School Capital Construction over existing appropriation of \$5 million	\$5,000,000
Alternative Teacher Compensation Act	\$1,000,000