

Colorado Department of Education  
Public School Finance Unit

**Summary SB10-1369**

**Introduced March 25, 2010**

**Amendments made in House Education Committee – March 18<sup>th</sup> are shown in red.**

**The bill was passed with unanimous vote of House Education Committee.**

**The bill passed House Appropriations Unamended March 19<sup>th</sup>**

**The bill passed 2<sup>nd</sup> Reading in the House, Amended, March 19<sup>th</sup>**

**The bill passed 3<sup>rd</sup> Reading in the House March 22<sup>nd</sup>, Unamended**

**The bill passed Senate Education Committee March 25<sup>th</sup>, Amended**

**The bill passes Senate Appropriations Committee Unamended**

**The bill passed 2<sup>nd</sup> Reading in the Senate March 31<sup>st</sup>**

**Bill passed 3<sup>rd</sup> Reading in the Senate April 1<sup>st</sup>**

**House Rejected Senate Amendments-Called for Conference Committee April 5<sup>th</sup>**

**Conference Committee Passed April 15<sup>th</sup>**

**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.)

**ISSUE—FINANCE FORMULA**

**Section 1**

“Inflation” Plus 1% to Statewide Base Per Pupil Funding in FY 2010-11

-6% Inflation + 1% Amendment 23 (\$5,507.68 + \$22.03 = \$5,529.71)

**Section 2.**

References addition of paragraph (g) to subsections (5) and (6)

**Section 3.**

**Addition of new paragraph under 22-54-104 (5) (g) (I). District total program.**

General Assembly determined that stabilization of the state budget requires a reduction in the appropriation of the state’s share of total program funding for all districts and the Institute Charter Schools.

The Department of Education and Legislative Council **shall make mid-year revisions to replace projections with actual figures including, but not limited to, actual pupil counts, assessed valuations, and specific ownership tax collections from the prior tax year, to** determine the amount of such reduction to ensure the statewide total program amount is not less than \$5,438,295,823, which is \$260,000,000 less than the initial statewide total program funding for FY 2009-10.

Implementation of the reduction shall be through a “State Budget Stabilization Factor” (negative factor).

- The Department of Education shall:
  - Calculate the “State Budget Stabilization Factor” by dividing the reduction in total program funding by the sum of the statewide total program funding for the applicable budget year to determine the factor (percentage of reduction).
  - Calculate each district’s and institute charter school’s reduction amount by multiplying the “factor” (percentage) by the district’s total program funding which was calculated on the school finance formula prior to any reductions. (Includes increase in base funding and no other modifications to other factors or calculations within the formula).
  - A district’s total program funding shall be the greater of:
    - The amount calculated as “full-funding of the formula” minus the district’s “state budget stabilization reduction amount, or
    - An amount equal to the base per pupil funding amount multiplied by the district’s funded pupil count. (In other words, district per pupil funding will never fall below the base per pupil amount, as shown in Section 1.)
  - For districts with total program funding predominantly funded by local property taxes, the “state budget stabilization reduction” shall:
    - ~~First be~~ **Be** subtracted ~~from~~ **only to the extent of** any available state share funding. **THE DISTRICT WILL THEN BUY BACK CATEGORICAL PROGRAM SUPPORT NOT TO EXCEED AN AMOUNT EQUAL TO THE DISTRICT’S STATE BUDGET STABILIZATION REDUCTION AMOUNT.** ~~(technical amendment L.002 was passed to add this language which was the original intent)~~
    - ~~Any remaining reduction shall be subtracted from the amount of additional property tax revenues the district is authorized to raise and expend pursuant to 22-54-108 (override revenue).~~
    - ~~Note: This means districts funded primarily with property taxes will also have to reduce revenue by the same percentage as all other districts. Part of the reduction would come from override revenue reduction since the full amount of the reduction would not come from the district’s total program funding if state share was not sufficient to cover it.~~

~~Amendment L.003 was passed that makes the state budget stabilization factor and all related sections just for FY2010-11 and eliminates language that allows it to be on auto pilot.~~

Amendments L.008, L.010 and L.011 allow the state budget stabilization factor the \$260 million reduction to apply for FY2010-11 or FY2011-12. This does not double the amount of reduction, but allows the original \$260 million reduction for FY2010-11 to become the starting point for FY2011-12.

#### **Section 4**

##### **22-54-104 (4.5). District total program**

Requires the same percentage reduction to apply to the online funding amount.

Requires the same percentage reduction to apply to the ASCENT program funding amount.

#### **Section 5**

##### **22-54-106 (2). Local and state shares of district total program.**

Mill levies for total program funding will be calculated on the district's total program funding prior to the "state budget stabilization reduction".

#### **Section 6**

##### **22-54-108 (3). Authorization of additional local revenues.**

A district's override authority is capped at 25% of the district's total program funding as calculated prior to the "state budget stabilization reduction". Districts must seek voter approval for override authority.

~~Requires a reduction in the amount of voter approved override revenue for any school district that does not have enough state share funding in their total program funding to cover the entire amount of the "state budget stabilization reduction".~~

#### **Sections 7 and 8**

**22-41-102 Fund inviolate.**

Changes how the interest earned on the investment of the moneys in the public school fund is directed, with the first \$11 million required to be credited to the state public school fund for distribution as provided by law. Any interest earnings beyond the \$11 million shall remain in the fund and become part of the principal of the fund.

Strikes the clause that the first \$11 million of proceeds received by the state for the sale of timber on public school lands, rental income and other proceeds be credited to the public school income fund for distribution as provided by law.

This section is revenue neutral and does not cause a fiscal impact – just shifts funding sources.

**Section 9**

**22-54-135. School district consolidation report.** ~~WITHIN ONE HUNDRED EIGHTY DAYS OF THE PASSAGE OF HOUSE BILL 10-1369, ENACTED IN 2010, EACH SCHOOL DISTRICT SHALL PROVIDE A REPORT TO THE DEPARTMENT EVALUATING THE FINANCIAL BENEFITS OF CONSOLIDATING THE CENTRAL ADMINISTRATIVE FUNCTIONS OF MULTIPLE SCHOOL DISTRICTS WITHIN INDIVIDUAL COUNTIES. IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT ALL SAVINGS AND EFFICIENCIES ACHIEVED THROUGH CONSOLIDATION OF CENTRAL ADMINISTRATIVE FUNCTIONS OF MULTIPLE SCHOOL DISTRICTS SHALL RESIDE IN THE RESPECTIVE SCHOOL DISTRICTS IN TERMS AGREED TO BY THE SCHOOL DISTRICTS."~~

NEW SECTION:

22-54-103. Definitions – repeal

(7) “Funded Pupil count” means:

(e) (V) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, FOR THE 2010-11 BUDGET YEAR AND THEREAFTER, A DISTRICT’S PUPIL ENROLLMENT FOR THE APPLICABLE BUDGET YEAR SHALL NOT INCLUDE ANY PUPIL WHO IS ENROLLED IN A CHARTER SCHOOL THAT WAS ORIGINALLY AUTHORIZED BY THE DISTRICT BUT WAS SUBSEQUENTLY CONVERTED TO AN INSTITUTE CHARTER SCHOOL OR TO A CHARTER SCHOOL OF A DISTRICT CONTINGUOUS TO THE ORIGINALLY AUTHORIZING DISTRICT.