

First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

DRAFT
1.19.23

BILL 2

LLS NO. 23-0347.01 Alana Rosen x2606

INTERIM COMMITTEE BILL

Legislative Interim Committee on School Finance

BILL TOPIC: "Special Education Funding"

DEADLINES: Finalize by: JAN 26, 2023 File by: JAN 30, 2023

A BILL FOR AN ACT

101 **CONCERNING FUNDING FOR SPECIAL EDUCATION SERVICES.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Legislative Interim Committee on School Finance. The bill increases the required annual appropriation to the department of education by an additional \$40,203,671 to fund children who have one or more disabilities and receive special education services from a school district, board of cooperative services, a charter school network, a charter school collaborative, or the state charter school institute that is providing educational services to exceptional children.

*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.*

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

2 **SECTION 1.** In Colorado Revised Statutes, 22-20-114, **add**
3 (1)(c)(III)(B.2) as follows:

4 **22-20-114. Funding of programs - legislative declaration -**
5 **repeal.** (1) Subject to the provisions of subsection (3) of this section, for
6 the 2005-06 budget year and each budget year thereafter, the total amount
7 appropriated to the department for the payment of costs incurred by
8 administrative units for the provision of special education programs must
9 be distributed to each administrative unit that provides educational
10 services for children with disabilities as follows:

11 (c) (III) (B.2) EXCEPT AS SPECIFIED IN SUBSECTION (1.3) OF THIS
12 SECTION, FOR THE 2023-24 BUDGET YEAR AND EACH BUDGET YEAR
13 THEREAFTER, IN ADDITION TO ANY AMOUNT THAT IS AVAILABLE PURSUANT
14 TO SUBSECTIONS (1)(c)(I), (1)(c)(III)(A), (1)(c)(III)(B), AND
15 (1)(c)(III)(B.1) OF THIS SECTION, THE GENERAL ASSEMBLY SHALL
16 APPROPRIATE FORTY MILLION TWO HUNDRED THREE THOUSAND SIX
17 HUNDRED SEVENTY-ONE DOLLARS, WHICH AMOUNT MAY BE
18 APPROPRIATED FROM THE STATE EDUCATION FUND CREATED IN SECTION
19 17(4) OF ARTICLE IX OF THE STATE CONSTITUTION OR THE GENERAL FUND,
20 OR AS AMOUNTS FROM BOTH FUNDS, TO THE DEPARTMENT FOR THE
21 PURPOSES OF THIS SUBSECTION (1)(c).

22 **SECTION 2. Safety clause.** The general assembly hereby finds,
23 determines, and declares that this act is necessary for the immediate
24 preservation of the public peace, health, or safety.



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 23-0347
Prime Sponsors:

Date: January 24, 2023
Bill Status: Bill Request
Fiscal Analyst: Anna Gerstle | 303-866-4375
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Bill Topic: SPECIAL EDUCATION FUNDING

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- School District

The bill increases state funding for Tier B special education. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$40,203,671 to the Colorado Department of Education.

Fiscal Note Status: The fiscal note reflects the bill draft requested by the Legislative Interim Committee on School Finance.

Table 1
State Fiscal Impacts Under Bill 2

Table with 4 columns: Category, Description, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund*), Transfers, and Other Budget Impacts (General Fund Reserve*).

* The appropriation may be from the General Fund or State Education Fund. If the appropriation is from the State Education Fund, there is no impact on the General Fund Reserve.

Summary of Legislation

Beginning in FY 2023-24, the bill increases funding for Tier B special education by \$40.2 million per year, from the General Fund, State Education Fund, or a combination of the two funds.

Background

Current law specifies the distribution of categorical funding for special education students. After Tier A (\$1,750 per student), ChildFind (identification of young children with disabilities), educational orphans; and high cost (reimbursement of high cost special education services) allocations have been made, the remaining funds are distributed on a per pupil basis to administrative units for students with specific, identified disabilities (known as Tier B funding). Tier B may not exceed \$6,000 per student, and is estimated at about \$4,318 per student in FY 2022-23.

State Expenditures

The bill increases state expenditures in CDE by \$40.2 million beginning in FY 2023-24. Costs are assumed to be from the General Fund, but may be paid either from the General Fund or State Education Fund. CDE will distribute this funding to administrative units based on the number of Tier B students. With this additional funding, Tier B funding in FY 2023-24 is expected to be \$6,000 per eligible student, the maximum allowed under current law.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. If the additional funding is paid from the General Fund, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes. If it is paid from the State Education Fund, there is no impact on the General Fund reserve.

School District

The bill increases special education funding to administrative units, most of which are school districts. The impact on any individual school district will depend on the number of Tier B special education students served.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$40,203,671 from the General Fund to the Colorado Department of Education.

State and Local Government Contacts

Education