

# MEMORANDUM



# JOINT BUDGET COMMITTEE

TO Joint Budget Committee Members  
FROM JBC Staff  
DATE March 16, 2023  
SUBJECT Potential Legislation Packet 4

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This packet includes bill drafts and related memos for the Committee’s consideration. Each individual item has page numbers but also a packet page number to help navigate the whole document. The page numbers below refer to the packet page number.

## POTENTIAL LEGISLATION

Supports To Students & Facility Schools LLS-0418 (Bickel) .....1

First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

DRAFT  
3/15/23

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LLS NO. 23-0418.01 Alana Rosen x2606

COMMITTEE BILL

Joint Budget Committee

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**BILL TOPIC:** Supports To Students & Facility Schools

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**A BILL FOR AN ACT**

101 **CONCERNING SERVICES TO SUPPORT STUDENTS ELIGIBLE TO ENROLL**  
102 **IN FACILITY SCHOOLS.**

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**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/>.)*

**Joint Budget Committee.** Current law allows approved facility schools (approved schools) to include day treatment centers, residential child care facilities, facilities licensed by the department of human services, or hospitals licensed by the department of public health and environment. The bill creates the specialized day school as a type of approved school. The facility schools board (board) shall promulgate

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

rules for a facility to become authorized to operate as a specialized day school.

Current law requires the board to adopt accountability measures. The bill requires the board to adopt accountability and accreditation measures for approved schools. Beginning December 1, 2026, the state board of education shall begin accrediting approved schools based on recommendations of the board. The bill requires the board to create an accreditation outcome report for each approved school. The office of facility schools (office) must publish the reports annually.

The bill requires the department of education, department of human services, the department of health care policy and financing, and the department of public health and environment to collaborate and create an interagency resource guide to provide assistance to facilities that are pursuing licensing or authorization to operate as an approved school. The bill requires the state agencies to identify and recommend legislation and changes to each department's respective rules and administrative processes to facilitate licensing, authorization, and approval processes for facilities seeking to operate as approved schools.

The bill creates the shared operational services grant program (grant program) to award grants to eligible applicants to contract for 2 years with an organization that coordinates shared operational services. An approved school in conjunction with one or more schools may apply to the grant program for a grant to procure shared operational services that support schools, such as food services, janitorial services, shared office spaces, billing, technical assistance on medicaid services, technology, security, transportation, or purchasing. An organization that provides or coordinates services for approved schools or an agency that oversees approved schools may also apply to the grant program.

The bill creates the technical assistance center (center) in the office to provide technical assistance support to school districts and related administrative units, with a priority to serve rural and remote school districts and related administrative units. Beginning in the 2023-24 budget year, the center is required to assess the needs of school districts and related administrative units. Beginning in the 2024-25 budget year, the center shall provide technical assistance support to school districts and related administrative units and prioritize service to rural and remote school districts.

The bill creates additional responsibilities for the facility school work group (work group). The work group shall monitor the implementation of changes to the facility school system and educational services for students with exceptionally severe or specialized needs. The bill expands work group participation to include parents, guardians, and legal custodians of students with exceptionally severe or specialized needs and therapeutic facilities for students with exceptionally severe or specialized needs that are not approved schools.

The bill requires the office to contract with a qualified third-party evaluator (evaluator) to evaluate and report whether the work group recommendations resulted in more effective services and better access to those services for students with exceptionally severe and specialized needs.

The bill requires the department of health care policy and financing to recommend a plan to provide guidance to approved schools on the eligibility standards required to request and receive medicaid reimbursement funding for therapeutic services to the maximum extent feasible.

The bill creates a new baseline funding model for approved schools. The bill requires reporting on the new baseline funding model for approved schools.

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

2 **SECTION 1.** In Colorado Revised Statutes, 22-2-401, **add** (4) as  
3 follows:

4 **22-2-401. Legislative declaration.** (4) (a) THE GENERAL  
5 ASSEMBLY FURTHER FINDS THAT THE NUMBER OF APPROVED FACILITY  
6 SCHOOLS AND PLACEMENTS OF STUDENTS IN FACILITY SCHOOLS IN  
7 COLORADO HAS SUBSTANTIALLY DECLINED DUE IN PART TO COUNTY  
8 DEPARTMENTS OF HUMAN OR SOCIAL SERVICES AND OTHER STATE AND  
9 LOCAL AGENCIES REDUCING THE USE OF CONGREGATE CARE PLACEMENTS.  
10 HOWEVER, A SMALL PERCENTAGE OF STUDENTS WITH EXCEPTIONALLY  
11 SEVERE OR SPECIALIZED NEEDS, WHO MAY HAVE BEEN SERVED IN  
12 APPROVED FACILITY SCHOOLS IN THE PAST, STILL REQUIRE SPECIALIZED  
13 SERVICES BEYOND THE LEVEL AVAILABLE FROM THEIR SCHOOL DISTRICT  
14 OF RESIDENCE.

15 (b) THEREFORE, THE GENERAL ASSEMBLY FURTHER FINDS THAT IT  
16 IS IN THE BEST INTERESTS OF STUDENTS WITH EXCEPTIONALLY SEVERE OR  
17 SPECIALIZED NEEDS TO STABILIZE AND ENHANCE THE NUMBER OF  
18 APPROVED FACILITY SCHOOL PLACEMENTS AND TO IMPROVE STUDENT

1 SERVICES BY:

2 (I) PROVIDING ADEQUATE AND PREDICTABLE FUNDING FOR  
3 APPROVED FACILITY SCHOOLS;

4 (II) ESTABLISHING AN INTERAGENCY RESOURCE GUIDE FOR  
5 FACILITIES SEEKING LICENSURE OR AUTHORIZATION TO OPERATE AS  
6 APPROVED FACILITY SCHOOLS;

7 (III) REQUIRING STATE AGENCIES TO ESTABLISH CONSISTENT  
8 ADMINISTRATIVE PRACTICES TO LICENSE, AUTHORIZE, APPROVE, AND FUND  
9 APPROVED FACILITY SCHOOLS THAT MAY RESULT FROM THE DEVELOPMENT  
10 OF THE INTERAGENCY RESOURCE GUIDE DESCRIBED IN SUBSECTION  
11 (4)(b)(II) OF THIS SECTION;

12 (IV) ALLOWING STATE AGENCIES TO RECOMMEND CHANGES TO  
13 LAW, RULE, POLICY, AND PRACTICE BASED ON THE ESTABLISHMENT OF  
14 CONSISTENT ADMINISTRATIVE PRACTICES DESCRIBED IN SUBSECTION  
15 (4)(a)(III) OF THIS SECTION;

16 (V) REQUIRING THE DEPARTMENT OF HEALTH CARE POLICY AND  
17 FINANCING, IN CONSULTATION WITH THE WORK GROUP, TO RECOMMEND A  
18 PLAN TO PROVIDE GUIDANCE TO APPROVED FACILITY SCHOOLS ON THE  
19 ELIGIBILITY STANDARDS REQUIRED TO REQUEST AND RECEIVE MEDICAID  
20 REIMBURSEMENT FUNDING FOR THERAPEUTIC SERVICES TO THE MAXIMUM  
21 EXTENT POSSIBLE TO REDUCE RELIANCE ON SCHOOL DISTRICT REVENUE  
22 FOR THERAPEUTIC SERVICES;

23 (VI) AUTHORIZING THE FACILITY SCHOOLS BOARD TO AUTHORIZE  
24 A FACILITY TO OPERATE AS A SPECIALIZED DAY SCHOOL;

25 (VII) AUTHORIZING THE FACILITY SCHOOLS BOARD TO ADOPT  
26 ACCREDITATION MEASURES FOR APPROVED FACILITY SCHOOLS; AND

27 (VIII) EXPANDING TECHNICAL ASSISTANCE FOR SCHOOL DISTRICTS

1 AND ADMINISTRATIVE UNITS, WITH A PRIORITY TO SERVE RURAL SCHOOL  
2 DISTRICTS, REMOTE SCHOOL DISTRICTS, OR SCHOOL DISTRICTS THAT FACE  
3 SIGNIFICANT OBSTACLES PROVIDING INTENSIVE SUPPORTS TO SERVE  
4 STUDENTS WITH EXCEPTIONALLY SEVERE OR SPECIALIZED NEEDS.

5 **SECTION 2.** In Colorado Revised Statutes, 22-2-402, **amend** (3);  
6 **repeal** (8); and **add** (3.9), (4.5), (5.5), and (7.5) as follows:

7 **22-2-402. Definitions.** As used in this part 4, unless the context  
8 otherwise requires:

9 (3) "Facility" means a day treatment center, residential child care  
10 facility or other facility licensed by the department of human services  
11 pursuant to section 26-6-905, ~~or~~ a hospital licensed by the department of  
12 public health and environment pursuant to section 25-1.5-103, OR A  
13 SPECIALIZED DAY SCHOOL AUTHORIZED BY THE OFFICE.

14 (3.9) "OFFICE" MEANS THE OFFICE OF FACILITY SCHOOLS CREATED  
15 WITHIN THE DEPARTMENT PURSUANT TO SECTION 22-2-403.

16 (4.5) "PUBLIC ENTITY" MEANS A PUBLIC ENTITY RESPONSIBLE FOR  
17 REFERRING STUDENTS TO OR PLACING STUDENTS IN OUT-OF-HOME, DAY  
18 TREATMENT, RESIDENTIAL TREATMENT, HOSPITAL, AND SPECIALIZED DAY  
19 SCHOOL PLACEMENTS WITH PROVIDERS.

20 (5.5) "SPECIALIZED DAY SCHOOL" MEANS A SCHOOL THAT SERVES  
21 STUDENTS WHO ARE REFERRED TO OR PLACED BY A PUBLIC ENTITY OR  
22 PLACED IN A SPECIALIZED DAY SCHOOL BY A HOSPITAL, HEALTH-CARE  
23 PROVIDER, BEHAVIORAL HEALTH PROVIDER, CASE MANAGEMENT SERVICE,  
24 COURT, DIVISION OF YOUTH SERVICES, SCHOOL DISTRICT, COUNTY  
25 DEPARTMENT OF HUMAN OR SOCIAL SERVICES, OR OTHER STATE AGENCY  
26 BECAUSE THE STUDENTS' BEHAVIORAL AND EDUCATIONAL NEEDS ARE  
27 BEYOND THE CAPACITY OF THE STUDENTS' CURRENT EDUCATIONAL

1 PLACEMENT DUE TO THE SEVERITY OF THE STUDENTS' NEEDS OR THE  
2 REQUIREMENT FOR HIGHLY SPECIALIZED PROGRAMMING.

3 (7.5) "STUDENT WITH EXCEPTIONALLY SEVERE OR SPECIALIZED  
4 NEEDS" MEANS A STUDENT WITH EXCEPTIONALLY SEVERE OR SPECIALIZED  
5 NEEDS THAT A SCHOOL DISTRICT IS UNABLE TO SERVE ADEQUATELY  
6 WITHIN THE SCHOOL DISTRICT'S REGULAR OR SPECIALIZED EDUCATIONAL  
7 SERVICES.

8 (8) ~~"Unit" means the facility schools unit created within the~~  
9 ~~department pursuant to section 22-2-403.~~

10 **SECTION 3.** In Colorado Revised Statutes, **amend** 22-2-403 as  
11 follows:

12 **22-2-403. Office of facility schools - created.** (1) There is  
13 ~~hereby~~ created within the department the OFFICE OF facility schools. ~~unit.~~  
14 The head of the ~~unit shall be~~ OFFICE IS the director of facility schools and  
15 ~~shall be~~ IS appointed by the commissioner of education in accordance  
16 with section 13 of article XII of the state constitution.

17 (2) The OFFICE OF facility schools ~~unit~~ and the office of the  
18 director of facility schools exercise their powers and perform their duties  
19 and functions under the department, the commissioner of education, and  
20 the state board of education. The OFFICE OF facility schools ~~unit~~ and the  
21 office of the director of facility schools are **type 2** entities, as defined in  
22 section 24-1-105.

23 **SECTION 4.** In Colorado Revised Statutes, 22-2-404, **amend** (1)  
24 as follows:

25 **22-2-404. Facility schools board - created - membership.**  
26 (1) There is created the facility schools board to adopt curriculum  
27 standards and set graduation requirements for facility schools and to

1 collaborate with and advise the ~~unit~~ OFFICE. The facility schools board  
 2 consists of seven members appointed by the state board as ~~provided~~ SET  
 3 FORTH in this section. The state board shall appoint the initial members  
 4 of the facility schools board on or before November 1, 2008. The facility  
 5 schools board is a **type 1** entity, as defined in section 24-1-105, and  
 6 exercises its powers and performs its duties and functions under the  
 7 department of education.

8 **SECTION 5.** In Colorado Revised Statutes, 22-2-405, **amend** (1)  
 9 introductory portion, (1)(a), and (2) introductory portion; and **add** (3), (4),  
 10 and (5) as follows:

11 **22-2-405. Facility schools office - duties.** (1) In addition to any  
 12 other duties that may be required by law, the ~~unit~~ OFFICE shall:

13 (a) Develop and maintain, as ~~provided~~ DESCRIBED in section  
 14 22-2-407, the list of approved facility schools AND THE LIST OF APPROVED  
 15 FACILITY SCHOOLS THAT RECEIVE ACCREDITATION;

16 (2) In complying with the duties specified in ~~paragraph (d) of~~  
 17 ~~subsection (1)~~ SUBSECTION (1)(d) of this section, the ~~unit~~ OFFICE shall:

18 (3) THE OFFICE SHALL CREATE, MAINTAIN, AND ANNUALLY  
 19 PUBLISH:

20 (a) THE ACCREDITATION OUTCOME REPORTS THAT THE OFFICE  
 21 DEVELOPS FOR EACH APPROVED FACILITY SCHOOL PURSUANT TO SECTION  
 22 22-2-406 (4)(c) ON THE OFFICE'S PUBLIC WEBSITE; AND

23 (b) A LIST OF INDEPENDENT NATIONAL ACCREDITATION  
 24 ORGANIZATIONS THAT ARE APPROVED BY THE FACILITY SCHOOLS BOARD  
 25 PURSUANT TO 22-2-406 (4)(c).

26 (4) (a) THE OFFICE SHALL CONTRACT WITH A QUALIFIED  
 27 THIRD-PARTY EVALUATOR TO EVALUATE AND REPORT WHETHER THE



1 WORK GROUP RECOMMENDATIONS MADE PURSUANT TO SECTION  
2 22-2-407.5 RESULTED IN MORE EFFECTIVE SERVICES AND BETTER ACCESS  
3 TO THOSE SERVICES FOR STUDENTS WITH EXCEPTIONALLY SEVERE AND  
4 SPECIALIZED NEEDS. THE OFFICE SHALL CONSULT WITH THE WORK GROUP  
5 AND QUALIFIED THIRD-PARTY EVALUATOR TO EVALUATE AND REPORT THE  
6 FOLLOWING:

7 (I) WHETHER THE NUMBER OF APPROVED FACILITY SCHOOL  
8 PLACEMENTS FOR STUDENTS WITH EXCEPTIONALLY SEVERE OR  
9 SPECIALIZED NEEDS HAS STABILIZED OR INCREASED;

10 (II) WHETHER RELIANCE ON HOMEBOUND AND OUT-OF-STATE  
11 PLACEMENTS HAS DECREASED;

12 (III) WHETHER ADMINISTRATIVE UNITS THAT ARE UNABLE TO  
13 ACCESS APPROVED FACILITY SCHOOL PLACEMENTS DUE TO GEOGRAPHIC  
14 OR OTHER CONSTRAINTS RECEIVE SUFFICIENT SUPPORT FROM THE  
15 TECHNICAL ASSISTANCE CENTER CREATED IN SECTION 22-2-412 TO  
16 PROVIDE EFFECTIVE SERVICES TO STUDENTS WITH EXCEPTIONALLY SEVERE  
17 OR SPECIALIZED NEEDS;

18 (IV) WHETHER PARENTS, GUARDIANS, ADVOCATES, COUNTY  
19 DEPARTMENTS OF HUMAN OR SOCIAL SERVICES, AND OTHER INTERESTED  
20 PARTIES ASSESS THAT THE WORK GROUP'S IMPLEMENTATION PLAN  
21 DESCRIBED IN SECTION 22-2-407.5 (4) HAS HAD A POSITIVE IMPACT ON  
22 SERVICES FOR STUDENTS WITH EXCEPTIONALLY SEVERE OR SPECIALIZED  
23 NEEDS; AND

24 (V) ANY OTHER MEASURE OF SUCCESS THE OFFICE, WORK GROUP,  
25 AND THIRD-PARTY EVALUATOR DETERMINE NECESSARY.

26 (b) ON OR BEFORE SEPTEMBER 1, 2025, THE QUALIFIED  
27 THIRD-PARTY EVALUATOR SHALL SUBMIT A REPORT TO THE WORK GROUP

1 AND THE OFFICE SUMMARIZING THE MEASURES AND RECOMMENDATIONS  
2 DESCRIBED IN SUBSECTION (4)(a) OF THIS SECTION. THE REPORT MUST BE  
3 INCLUDED IN THE OCTOBER 1, 2025, REPORT REQUIRED PURSUANT TO  
4 SECTION 22-2-407.5 (4)(e).

5 (5) (a) THE OFFICE SHALL ASSEMBLE STAKEHOLDERS, INCLUDING  
6 MEMBERS OF THE WORK GROUP, TO ANALYZE AND RECOMMEND CHANGES  
7 TO THE METHODS USED FOR CALCULATING TUITION COSTS FOR APPROVED  
8 FACILITY SCHOOLS PURSUANT TO SECTION 22-20-109 (2).

9 (b) AS PART OF THE OCTOBER 1, 2023, REPORT REQUIRED  
10 PURSUANT TO SECTION 22-2-407.5 (4)(e), THE OFFICE SHALL SUMMARIZE  
11 THE STAKEHOLDER RECOMMENDATIONS DESCRIBED IN SUBSECTION (5)(a)  
12 OF THIS SECTION, INCLUDING WHETHER STATUTORY OR RULE UPDATES ARE  
13 REQUIRED TO IMPLEMENT THE RECOMMENDATIONS.

14 (c) ON OR BEFORE JULY 1, 2024, THE STATE BOARD SHALL  
15 CONSIDER THE PROPOSED CHANGES AND PROMULGATE RULES  
16 IMPLEMENTING THE NEW METHODS USED FOR CALCULATING TUITION  
17 COSTS.

18 (d) AS PART OF THE OCTOBER 1, 2024, REPORT REQUIRED  
19 PURSUANT TO SECTION 22-2-407.5 (4)(e), THE OFFICE SHALL INCLUDE AN  
20 UPDATE DESCRIBING THE TUITION CHANGES ADOPTED AS OF JULY 1, 2024.

21 **SECTION 6.** In Colorado Revised Statutes, 22-2-406, **amend** (1),  
22 (2)(h), (2)(i), and (3); and **add** (2)(j), (4), and (5) as follows:

23 **22-2-406. Facility schools board duties - curriculum -**  
24 **graduation standards - report - rules.** (1) In addition to any other  
25 duties provided by law, the facility schools board shall:

26 (a) Adopt curriculum to be provided by approved facility schools.  
27 At a minimum, the facility schools board shall align the curriculum for

1 the core subjects of reading, writing, mathematics, science, history, and  
2 geography with the state content standards adopted pursuant to section  
3 22-7-1005 and the state assessments OR ALTERNATE ASSESSMENTS  
4 administered as ~~provided~~ DESCRIBED in section 22-7-1006.3 (3). The  
5 curriculum must include a range of course work from which an approved  
6 facility school may select courses that meet the needs of the students who  
7 are placed at the facility, INCLUDING A VARIETY OF INSTRUCTIONAL  
8 METHODS AND STRATEGIES TO MEET STUDENT NEEDS.

9 (b) Adopt accountability AND ACCREDITATION measures, including  
10 academic performance measures, to be applied to approved facility  
11 schools and the students receiving educational services through the  
12 approved facility schools; ~~and~~

13 (c) Award a high school diploma to a student who, while receiving  
14 services through an approved facility school, meets the graduation  
15 requirements the facility schools board shall establish pursuant to  
16 subsection (3) of this section and who applies for the award of a high  
17 school diploma from the facility schools board; AND

18 (d) DEVELOP PROCEDURES TO AUTHORIZE FACILITIES TO OPERATE  
19 AS SPECIALIZED DAY SCHOOLS.

20 (2) The facility schools board may make recommendations to the  
21 state board and to the department of human services regarding any of the  
22 following issues:

23 (h) The oversight and monitoring of approved facility schools; ~~and~~

24 (i) Any other issues that are determined by the facility schools  
25 board to be within its purview and that are intended to improve  
26 educational outcomes for students receiving educational services from  
27 approved facility schools or to promote the efficient delivery of

1 educational services to students who are placed in facilities; AND

2 (j) THE CREATION OF AN INTERAGENCY RESOURCE GUIDE TO ASSIST  
3 FACILITIES IN BECOMING LICENSED OR AUTHORIZED AS APPROVED  
4 FACILITY SCHOOLS, WHICH MUST BE ADOPTED BY THE DEPARTMENT, THE  
5 DEPARTMENT OF HUMAN SERVICES, THE DEPARTMENT OF HEALTH CARE  
6 POLICY AND FINANCING, AND THE DEPARTMENT OF PUBLIC HEALTH AND  
7 ENVIRONMENT AS SET FORTH IN SECTION 22-2-410.

8 (3) The facility schools board shall promulgate rules in  
9 accordance with the "State Administrative Procedure Act", article 4 of  
10 title 24, ~~C.R.S.~~, to establish procedures by which a student who  
11 participates in an approved facility school may apply to receive a high  
12 school diploma awarded by the facility schools board. The facility schools  
13 board shall also, by rule, establish the graduation requirements that a  
14 student receiving educational services through an approved facility school  
15 shall meet to be awarded the facility school's high school diploma. In  
16 adopting the graduation requirements, the facility schools board shall take  
17 into consideration the recommendations of the ~~unit~~ OFFICE and shall  
18 ensure that the graduation requirements follow the guidelines for high  
19 school graduation requirements specified by the state board pursuant to  
20 section 22-2-106 (1)(a.5).

21 (4) (a) (I) IN COMPLYING WITH THE DUTIES SPECIFIED IN  
22 SUBSECTION (1)(b) OF THIS SECTION, ON OR BEFORE DECEMBER 1, 2026,  
23 THE FACILITY SCHOOLS BOARD SHALL REVIEW THE IMPLEMENTATION OF  
24 ACCOUNTABILITY MEASURES BY AN APPROVED FACILITY SCHOOL THAT  
25 HAS BEEN APPROVED FOR AT LEAST ONE YEAR AND RECOMMEND TO THE  
26 STATE BOARD WHETHER TO ACCREDIT THE APPROVED FACILITY SCHOOL.  
27 THE STATE BOARD MAY GRANT ACCREDITATION TO THE APPROVED

1 FACILITY SCHOOL BASED ON THE FACILITY SCHOOLS BOARD  
2 RECOMMENDATION.

3 (II) IF A FACILITY SCHOOL HAS BEEN AN APPROVED FACILITY  
4 SCHOOL PURSUANT TO SECTION 22-2-407 (2)(b) FOR LESS THAN ONE YEAR  
5 AS OF DECEMBER 1, 2026, THE APPROVED FACILITY SCHOOL SHALL  
6 IMPLEMENT ACCOUNTABILITY MEASURES WITHIN ONE YEAR OF APPROVAL  
7 BEFORE THE FACILITY SCHOOLS BOARD REVIEW PURSUANT TO SUBSECTION  
8 (4)(a)(I) OF THIS SECTION.

9 (III) IF A FACILITY SCHOOL BECOMES AN APPROVED FACILITY  
10 SCHOOL PURSUANT TO SECTION 22-2-407 (2)(b) AFTER DECEMBER 1, 2026,  
11 THE APPROVED FACILITY SCHOOL HAS ONE YEAR TO IMPLEMENT THE  
12 ACCOUNTABILITY MEASURES BEFORE A REVIEW BY THE FACILITY SCHOOLS  
13 BOARD AND ACCREDITATION APPROVAL BY THE STATE BOARD PURSUANT  
14 TO SUBSECTION (4)(a)(I) OF THIS SECTION.

15 (IV) (A) THE FACILITY SCHOOLS BOARD SHALL APPROVE A LIST OF  
16 RECOGNIZED INDEPENDENT NATIONAL ACCREDITATION ORGANIZATIONS  
17 THAT ACCREDIT APPROVED FACILITY SCHOOLS.

18 (B) IF A RECOGNIZED INDEPENDENT NATIONAL ACCREDITATION  
19 ORGANIZATION ACCREDITS AN APPROVED FACILITY SCHOOL, THE FACILITY  
20 SCHOOLS BOARD MAY CONSIDER THE RECOGNIZED INDEPENDENT  
21 NATIONAL ACCREDITATION AS PART OF THE FACILITY SCHOOLS BOARD'S  
22 ACCREDITATION REVIEW OF THE APPROVED FACILITY SCHOOL PURSUANT  
23 TO THIS SUBSECTION (4)(a)(I).

24 (C) THE OFFICE SHALL POST THE LIST OF RECOGNIZED  
25 INDEPENDENT NATIONAL ACCREDITATION ORGANIZATIONS TO THE  
26 OFFICE'S WEBSITE PURSUANT TO SECTION 22-2-405 (3).

27 (b) (I) NOTWITHSTANDING SUBSECTION (4)(b)(II) OF THIS SECTION,

1 ON OR AFTER DECEMBER 1, 2026, A SCHOOL DISTRICT OR AN  
2 ADMINISTRATIVE UNIT SHALL ONLY PLACE A STUDENT IN AN APPROVED  
3 FACILITY SCHOOL THAT RECEIVES ACCREDITATION FROM THE STATE  
4 BOARD OR AN INDEPENDENT NATIONAL ACCREDITATION ORGANIZATION,  
5 UNLESS THE SCHOOL DISTRICT OR ADMINISTRATIVE UNIT DETERMINES  
6 THAT THERE IS NOT AN ACCREDITED FACILITY AVAILABLE AND THE  
7 SELECTED PLACEMENT IS IN THE BEST INTERESTS OF THE STUDENT.

8 (II) IF A STUDENT IS A STUDENT IN AN OUT-OF-HOME PLACEMENT,  
9 AS DEFINED IN SECTION 22-32-138, AND THE CHANGE OF EDUCATIONAL  
10 PLACEMENT IS A RESULT OF PLACEMENT IN OUT-OF-HOME CARE, THE  
11 PROCEDURES SET FORTH IN SECTION 22-32-138 MUST BE FOLLOWED.

12 (c) (I) ON OR AFTER OCTOBER 1, 2026, AND EACH OCTOBER 1  
13 THEREAFTER, THE FACILITY SCHOOLS BOARD SHALL CREATE AN  
14 ACCREDITATION OUTCOME REPORT FOR EACH APPROVED FACILITY SCHOOL  
15 AS PART OF THE PROCESS TO DETERMINE WHETHER AN APPROVED FACILITY  
16 SCHOOL REMAINS ACCREDITED. THE ACCREDITATION OUTCOME REPORT  
17 MUST INCLUDE INFORMATION ON STUDENT OUTCOMES, POSTSECONDARY  
18 AND WORKFORCE READINESS, AND STUDENT ENGAGEMENT.

19 (II) ON OR AFTER DECEMBER 1, 2026, AND EACH DECEMBER 1  
20 THEREAFTER, THE FACILITY SCHOOLS BOARD SHALL SUBMIT THE  
21 ACCREDITATION OUTCOME REPORTS AND ACCREDITATION  
22 RECOMMENDATIONS TO THE STATE BOARD.

23 (III) THE STATE BOARD MAY APPROVE ACCREDITATION, DENY  
24 ACCREDITATION, OR GRANT CONDITIONAL ACCREDITATION. IF  
25 ACCREDITATION IS CONDITIONAL OR DENIED BY THE STATE BOARD, AN  
26 APPROVED FACILITY SCHOOL MAY RESPOND TO THE OFFICE WITHIN SIXTY  
27 DAYS AFTER RECEIVING THE REPORT. THE FACILITY SCHOOLS BOARD AND

1 STATE BOARD MAY RECONSIDER AN APPROVED FACILITY SCHOOL'S  
2 ACCREDITATION STATUS BASED ON THE ACCREDITATION OUTCOME REPORT  
3 AND ANY OTHER DATA SUBMITTED BY AN APPROVED FACILITY SCHOOL OR  
4 THE OFFICE.

5 (IV) THE OFFICE SHALL ANNUALLY UPDATE ON THE OFFICE'S  
6 WEBSITE THE ACCREDITATION OUTCOME REPORTS FOR EACH APPROVED  
7 FACILITY SCHOOL PURSUANT TO SECTION 22-2-405 (3).

8 (5) (a) IN DEVELOPING PROCEDURES AS SET FORTH IN SUBSECTION  
9 (1)(d) OF THIS SECTION, THE FACILITY SCHOOLS BOARD SHALL  
10 PROMULGATE RULES FOR THE CREATION AND MAINTENANCE OF A LIST OF  
11 SCHOOLS THAT ARE AUTHORIZED TO OPERATE AS SPECIALIZED DAY  
12 SCHOOLS AND ARE APPROVED AS FACILITY SCHOOLS TO RECEIVE  
13 REIMBURSEMENT FOR PROVIDING EDUCATIONAL SERVICES TO STUDENTS  
14 PLACED IN THE SPECIALIZED DAY SCHOOL. THE FACILITY SCHOOLS BOARD  
15 SHALL PROMULGATE RULES SPECIFYING THE FOLLOWING PROCEDURES:

16 (I) HOW TO AUTHORIZE A FACILITY TO OPERATE, BECOME  
17 ACCREDITED, AND BE MAINTAINED AS A SPECIALIZED DAY SCHOOL;

18 (II) HOW TO SECURE HEALTH AND SAFETY INSPECTIONS OF A  
19 SPECIALIZED DAY SCHOOL;

20 (III) HOW TO SECURE ZONING APPROVAL IN CITIES AND COUNTIES  
21 FOR A SPECIALIZED DAY SCHOOL;

22 (IV) HOW TO PROCURE EMPLOYEE BACKGROUND CHECKS; AND

23 (V) HOW TO TRACK AND REPORT INCIDENTS AT SPECIALIZED DAY  
24 SCHOOLS.

25 (b) THE FACILITY SCHOOLS BOARD MAY ENTER INTO INTERAGENCY  
26 AGREEMENTS WITH THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT  
27 OF PUBLIC HEALTH AND ENVIRONMENT, AND OTHER STATE AND LOCAL

1 GOVERNMENT AGENCIES TO IMPLEMENT THIS SUBSECTION (5).

2 (c) IF A FACILITY MEETS THE CRITERIA TO BECOME AUTHORIZED TO  
3 OPERATE, BECOME ACCREDITED, AND BE MAINTAINED AS A SPECIALIZED  
4 DAY SCHOOL PURSUANT TO SUBSECTION (5)(a) OF THIS SECTION, THE  
5 OFFICE SHALL AUTHORIZE THE FACILITY TO OPERATE AS A SPECIALIZED  
6 DAY SCHOOL. THE OFFICE SHALL PERIODICALLY, AS PROVIDED BY RULE OF  
7 THE FACILITY SCHOOLS BOARD, REVIEW EACH SPECIALIZED DAY SCHOOL  
8 TO DETERMINE WHETHER THE SPECIALIZED DAY SCHOOL IS IN COMPLIANCE  
9 WITH THE REQUIREMENTS SET FORTH IN SUBSECTION (5)(a) OF THIS  
10 SECTION. THE FACILITY SCHOOLS BOARD SHALL PROMULGATE RULES  
11 SPECIFYING THE PROCEDURAL REQUIREMENTS ASSOCIATED WITH THE  
12 RENEWAL OF SPECIALIZED DAY SCHOOLS.

13 **SECTION 7.** In Colorado Revised Statutes, 22-2-407, **amend**  
14 (2)(a)(I), (2)(b), (3)(c), and (4); and **add** (3)(b.5) as follows:

15 **22-2-407. List of approved facility schools - application -**  
16 **criteria - rules.** (2) (a) The facility schools board by rule shall specify:

17 (I) The procedures by which a facility school may apply to the ~~unit~~  
18 OFFICE for placement on the list of approved facility schools;

19 (b) The ~~unit~~ OFFICE shall review the applications received  
20 pursuant to ~~paragraph (a) of this subsection (2)~~ SUBSECTION (2)(a) OF THIS  
21 SECTION and shall place on the list of approved facility schools those  
22 applicants that meet the criteria specified by rule of the facility schools  
23 board. The ~~unit~~ OFFICE shall notify each applicant regarding placement on  
24 the list of approved facility schools. If the ~~unit~~ OFFICE denies an applicant  
25 placement on the list, the ~~unit~~ OFFICE shall explain the basis for the denial.  
26 An applicant that is denied may reapply for placement on the list  
27 following correction of the cause for denial.



1 (3) An approved facility school shall comply with the following  
2 requirements in order to remain on the list of approved facility schools:

3 (b.5) DEMONSTRATE COMPLIANCE WITH THE ACCOUNTABILITY  
4 AND ACCREDITATION MEASURES WITHIN THE TIME FRAMES ADOPTED BY  
5 THE FACILITY SCHOOLS BOARD PURSUANT TO SECTION 22-2-406 (4);

6 (c) Comply with the reporting and records tracking requirements  
7 specified by the ~~unit~~ OFFICE pursuant to section 22-2-405 (1)(d) and (2);  
8 and

9 (4) The ~~unit~~ OFFICE shall periodically, as provided by rule of the  
10 facility schools board, review each approved facility school to determine  
11 whether the approved facility school is in compliance with the  
12 requirements specified in subsection (3) of this section. If the ~~unit~~ OFFICE  
13 determines that an approved facility school is out of compliance, the ~~unit~~  
14 OFFICE shall give the approved facility school notice of the lack of  
15 compliance. If the approved facility school does not come into  
16 compliance within thirty days after receiving the notice, the ~~unit~~ OFFICE  
17 shall remove the facility school from the list of approved facility schools.  
18 A facility school that is removed from the list of approved facility schools  
19 may reapply for placement on the list as provided in subsection (2) of this  
20 section.

21 **SECTION 8.** In Colorado Revised Statutes, 22-2-407.5, **amend**  
22 (1)(b) introductory portion, (1)(b)(VII), and (4)(e); and **add** (1)(b)(IX),  
23 (1)(b)(X), and (5) as follows:

24 **22-2-407.5. Facility schools - sustainable model of education**  
25 **for facility students - work group - created - membership - duties -**  
26 **reporting requirements - funding.** (1) (b) The work group shall obtain  
27 input from parents and students who reflect the diversity of the state with

1 regard to race, ethnicity, immigration status, income, and disability. The  
2 work group must include THE FOLLOWING representatives: ~~from the~~  
3 ~~following entities:~~

4 (VII) The department of human services, including the division  
5 of youth services; ~~and~~

6 (IX) PARENTS, GUARDIANS, AND LEGAL CUSTODIANS OF STUDENTS  
7 WITH EXCEPTIONALLY SEVERE OR SPECIALIZED NEEDS; AND

8 (X) THERAPEUTIC FACILITIES FOR STUDENTS WITH EXCEPTIONALLY  
9 SEVERE OR SPECIALIZED NEEDS THAT ARE NOT APPROVED FACILITY  
10 SCHOOLS.

11 (4) (e) (I) On or before October 1, 2023, and on or before each  
12 October 1 during the implementation phase of the model, the department  
13 shall submit a written report concerning the progress of the model's  
14 implementation, including but not limited to, the status of each  
15 deliverable identified in the implementation plan, any modifications to the  
16 implementation plan, and any statutory changes and funding necessary in  
17 the upcoming fiscal year in order to successfully implement each phase  
18 of the model. THE DEPARTMENT SHALL DRAFT THE REPORT WITH ONGOING  
19 INPUT FROM THE WORK GROUP. THE DEPARTMENT SHALL SUBMIT THE  
20 REPORTS TO THE EDUCATION COMMITTEES OF THE HOUSE OF  
21 REPRESENTATIVES AND THE SENATE, OR THEIR SUCCESSOR COMMITTEES,  
22 THE JOINT BUDGET COMMITTEE, AND THE STATE BOARD. THE OFFICE  
23 SHALL POST THE REPORTS ON THE OFFICE'S WEBSITE.

24 (II) AS PART OF THE OCTOBER 1, 2023, REPORT REQUIRED  
25 PURSUANT TO SUBSECTION (4)(e)(I) OF THIS SECTION, THE OFFICE SHALL  
26 INCLUDE RECOMMENDATIONS TO CHANGE THE METHOD USED FOR  
27 CALCULATING TUITION COSTS FOR APPROVED FACILITY SCHOOLS AS

1 DESCRIBED IN SECTION 22-2-405 (5) OF THIS SECTION AND IDENTIFY NEXT  
2 STEPS. THE DEPARTMENT SHALL STATE WHETHER STATUTORY OR RULE  
3 UPDATES ARE REQUIRED TO IMPLEMENT CHANGES TO THE METHODS FOR  
4 CALCULATING TUITION COSTS.

5 (III) (A) AS PART OF THE OCTOBER 1, 2024, REPORT REQUIRED  
6 PURSUANT TO SUBSECTION (4)(e)(I) OF THIS SECTION, THE DEPARTMENT  
7 SHALL INCLUDE AN UPDATE DESCRIBING THE TUITION CHANGES DESCRIBED  
8 IN SUBSECTION (4)(e)(II) OF THIS SECTION THAT ARE ADOPTED AS OF JULY  
9 1, 2024, PURSUANT TO SECTION 22-2-405 (5).

10 (B) AS PART OF THE OCTOBER 1, 2024, REPORT REQUIRED  
11 PURSUANT TO SUBSECTION (4)(e)(I) OF THIS SECTION, THE DEPARTMENT  
12 SHALL INCLUDE THE REPORT SUMMARIZING THE IMPLEMENTATION OF THE  
13 INTERAGENCY RESOURCE GUIDE DESCRIBED IN SECTION 22-2-410 (2).

14 (V) AS PART OF THE OCTOBER 1, 2025, REPORT REQUIRED  
15 PURSUANT TO SUBSECTION (4)(e)(I) OF THIS SECTION, THE DEPARTMENT  
16 SHALL INCLUDE THE REPORT SUMMARIZING THE EVALUATION MEASURES  
17 AND RECOMMENDATIONS DESCRIBED IN SECTION 22-2-405 (4).

18 (VI) AS PART OF THE OCTOBER 1, 2025, AND OCTOBER 1, 2026,  
19 REPORTS REQUIRED PURSUANT TO (4)(e)(I) OF THIS SECTION, THE  
20 DEPARTMENT SHALL INCLUDE THE REPORT SUMMARIZING INFORMATION  
21 SUBMITTED TO THE DEPARTMENT, AS DESCRIBED IN SECTION 22-2-411 (7),  
22 BY ELIGIBLE APPLICANTS WHO RECEIVED GRANT MONEY FROM THE  
23 SHARED OPERATIONAL SERVICES GRANT PROGRAM CREATED IN SECTION  
24 22-2-411 (2).

25 (5) THE WORK GROUP SHALL CONSULT WITH THE DEPARTMENT OF  
26 HEALTH CARE POLICY AND FINANCING PURSUANT TO SECTION 25.5-1-104  
27 (6) ON A PLAN TO PROVIDE GUIDANCE TO APPROVED FACILITY SCHOOLS ON

1 THE ELIGIBILITY STANDARDS REQUIRED TO REQUEST AND RECEIVE  
2 MEDICAID REIMBURSEMENT FUNDING FOR THERAPEUTIC SERVICES TO THE  
3 MAXIMUM EXTENT POSSIBLE TO REDUCE RELIANCE ON SCHOOL DISTRICT  
4 REVENUE FOR THERAPEUTIC SERVICES.

5 **SECTION 9.** In Colorado Revised Statutes, 22-2-408, **amend** (2)  
6 as follows:

7 **22-2-408. Approved facility schools - funding.** (2) (a) For the  
8 2009-10 budget year, ~~and for each budget year thereafter~~ THROUGH THE  
9 2021-22 BUDGET YEAR, the department shall annually withhold two  
10 percent of the amount payable to each approved facility school. FOR THE  
11 2022-23 BUDGET YEAR, THE DEPARTMENT SHALL WITHHOLD FOUR  
12 PERCENT OF THE AMOUNT PAYABLE TO EACH APPROVED FACILITY SCHOOL.  
13 The amount withheld shall be allocated to the ~~unit~~ OFFICE to offset the  
14 costs incurred by the ~~unit~~ OFFICE and the facility schools board in  
15 implementing this part 4.

16 (b) FOR THE 2023-24 BUDGET YEAR, AND FOR EACH BUDGET YEAR  
17 THEREAFTER, FUNDING FOR THE ADMINISTRATION OF THE OFFICE IS  
18 PROVIDED THROUGH A SEPARATE APPROPRIATION.

19 **SECTION 10.** In Colorado Revised Statutes, **add** 22-2-410,  
20 22-2-411, and 22-2-412 as follows:

21 **22-2-410. Administration - licensing - reports.** (1) ON OR  
22 BEFORE NOVEMBER 1, 2023, THE DEPARTMENT, IN COLLABORATION WITH  
23 THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF HEALTH CARE  
24 POLICY AND FINANCING, AND DEPARTMENT OF PUBLIC HEALTH AND  
25 ENVIRONMENT, SHALL DEVELOP AN INTERAGENCY RESOURCE GUIDE TO  
26 ASSIST FACILITIES TO BECOME LICENSED OR AUTHORIZED AND FUNDED AS  
27 AN APPROVED FACILITY SCHOOL AND THAT MUST BE ADOPTED ACROSS

1 DEPARTMENTS TO SUPPORT EFFICIENT LICENSURE AND APPROVAL FOR THE  
2 FOLLOWING TYPES OF FACILITIES:

3 (a) A HOSPITAL LICENSED BY THE DEPARTMENT OF PUBLIC HEALTH  
4 AND ENVIRONMENT PURSUANT TO SECTION 25-1.5-103;

5 (b) A RESIDENTIAL CHILD CARE FACILITY, DAY TREATMENT  
6 PROGRAM, OR OTHER FACILITY LICENSED BY THE DEPARTMENT OF HUMAN  
7 SERVICES PURSUANT TO SECTION 26-6-905; AND

8 (c) A SPECIALIZED DAY SCHOOL AUTHORIZED BY THE OFFICE  
9 PURSUANT TO SECTION 22-2-406 (5).

10 (2) ON OR BEFORE NOVEMBER 1, 2023, THE DEPARTMENT SHALL  
11 SUBMIT A REPORT TO THE EDUCATION COMMITTEES OF THE HOUSE OF  
12 REPRESENTATIVES AND THE SENATE, OR THEIR SUCCESSOR COMMITTEES,  
13 AND THE JOINT BUDGET COMMITTEE, SUMMARIZING THE FOLLOWING:

14 (a) A PLAN FOR THE IMPLEMENTATION OF THE INTERAGENCY  
15 RESOURCE GUIDE DESCRIBED IN SUBSECTION (1) OF THIS SECTION; AND

16 (b) ANY RECOMMENDED CHANGES TO STATUTES, RULES, OR  
17 ADMINISTRATIVE PROCEDURES AS DETERMINED BY EACH DEPARTMENT  
18 PARTICIPATING IN THE DEVELOPMENT OF THE INTERAGENCY RESOURCE  
19 GUIDE PURSUANT TO SUBSECTION (1) OF THIS SECTION TO IMPROVE  
20 ADMINISTRATIVE EFFICIENCY AND ELIMINATE DUPLICATION OR OTHER  
21 UNNECESSARY ADMINISTRATIVE OBSTACLES TO THE LICENSING,  
22 AUTHORIZATION, APPROVAL, AND FUNDING OF APPROVED FACILITY  
23 SCHOOLS.

24 (3) ON OR BEFORE OCTOBER 1, 2024, THE DEPARTMENT SHALL  
25 SUBMIT A REPORT SUMMARIZING THE IMPLEMENTATION OF THE  
26 INTERAGENCY RESOURCE GUIDE DESCRIBED IN SUBSECTION (1) OF THIS  
27 SECTION TO THE EDUCATION COMMITTEES OF THE HOUSE OF

1 REPRESENTATIVES AND THE SENATE, OR THEIR SUCCESSOR COMMITTEES,  
2 AND THE JOINT BUDGET COMMITTEE. THE REPORT MAY BE SUBMITTED AS  
3 PART OF THE REPORT REQUIRED PURSUANT TO SECTION 22-2-407.5 (4)(e).

4 (4) THE OFFICE SHALL PROMINENTLY POST THE INTERAGENCY  
5 RESOURCE GUIDE DESCRIBED IN SUBSECTION (1) OF THIS SECTION ON THE  
6 OFFICE'S WEBSITE.

7 **22-2-411. Shared operational services grant program -**  
8 **creation - report - rules - definitions - repeal.** (1) AS USED IN THIS  
9 SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

10 (a) "AGENCY" MEANS AN INDEPENDENT AGENCY THAT OVERSEES  
11 APPROVED FACILITY SCHOOLS.

12 (b) "ELIGIBLE APPLICANT" MEANS AN APPROVED FACILITY SCHOOL  
13 THAT APPLIES TO THE GRANT PROGRAM ON BEHALF OF ITSELF AND ONE OR  
14 MORE OTHER APPROVED FACILITY SCHOOLS, AN ORGANIZATION, OR AN  
15 AGENCY.

16 (c) "GRANT PROGRAM" MEANS THE SHARED OPERATIONAL  
17 SERVICES GRANT PROGRAM CREATED IN SUBSECTION (2) OF THIS SECTION.

18 (d) "ORGANIZATION" MEANS A PUBLIC OR PRIVATE ORGANIZATION  
19 THAT PROVIDES OR COORDINATES OPERATIONAL SERVICES FOR GRANTEEES.

20 (e) "SHARED OPERATIONAL SERVICES" MEANS SERVICES THAT  
21 SUPPORT APPROVED FACILITY SCHOOLS, INCLUDING BUT NOT LIMITED TO  
22 FOOD SERVICES, JANITORIAL SERVICES, SHARED OFFICE SPACE, BILLING,  
23 TECHNICAL ASSISTANCE ON MEDICAID SERVICES, TECHNOLOGY, SECURITY,  
24 TRANSPORTATION, OR PURCHASING. SHARED OPERATIONAL SERVICES MAY  
25 INCLUDE PURCHASING AND SHARING ITEMS SUCH AS OFFICE SUPPLIES AND  
26 TECHNOLOGY.

27 (2) (a) (I) THERE IS CREATED IN THE DEPARTMENT THE SHARED

1 OPERATIONAL SERVICES GRANT PROGRAM TO AWARD AN ELIGIBLE  
2 APPLICANT GRANT MONEY FOR THE SPAN OF TWO BUDGET YEARS TO  
3 CONTRACT WITH AN ORGANIZATION THAT PROVIDES OR COORDINATES  
4 SHARED OPERATIONAL SERVICES FOR GRANTEEES.

5 (II) IN THE FIRST YEAR OF THE GRANT PROGRAM, AN ELIGIBLE  
6 APPLICANT WHO IS AWARDED A GRANT SHALL DETERMINE THE SHARED  
7 OPERATIONAL SERVICES NEEDED BY APPROVED FACILITY SCHOOLS AND  
8 CONTRACT WITH AN ORGANIZATION TO PROVIDE OR COORDINATE  
9 SERVICES. IN THE SECOND YEAR OF THE GRANT PROGRAM, THE GRANTEE  
10 SHALL WORK WITH THE ORGANIZATION TO PROVIDE THE SHARED  
11 OPERATIONAL SERVICES FOR THE APPROVED FACILITY SCHOOLS.

12 (b) THE DEPARTMENT SHALL IMPLEMENT A TIMBERLINE FOR THE  
13 GRANT PROGRAM, WHICH MUST INCLUDE THE FOLLOWING:

14 (I) THE DATE THE DEPARTMENT ANNOUNCES THE GRANT PROGRAM  
15 AND BEGINS ACCEPTING APPLICATIONS FROM ELIGIBLE APPLICANTS;

16 (II) THE DATE THE ELIGIBLE APPLICANTS MUST SUBMIT  
17 APPLICATIONS BY; AND

18 (III) THE DATE THE DEPARTMENT BEGINS DISTRIBUTING GRANT  
19 MONEY TO THE ELIGIBLE APPLICANTS THAT ARE AWARDED A GRANT.

20 (c) AN ELIGIBLE APPLICANT THAT CHOOSES TO APPLY FOR A GRANT  
21 MUST SUBMIT AN APPLICATION TO THE DEPARTMENT. THE APPLICATION  
22 MUST INCLUDE, AT A MINIMUM, THE FOLLOWING INFORMATION:

23 (I) THE TYPES OF SHARED OPERATIONAL SERVICES NEEDED BY  
24 APPROVED FACILITY SCHOOLS;

25 (II) THE NAME OF THE ORGANIZATION THE ELIGIBLE APPLICANT  
26 PLANS ON CONTRACTING WITH FOR SHARED OPERATIONAL SERVICES;

27 (III) PROJECTED BUDGET AND COST SAVINGS BY IMPLEMENTING

1 SHARED OPERATIONAL SERVICES BETWEEN APPROVED FACILITY SCHOOLS;  
2 AND

3 (IV) THE SUSTAINABILITY OF THE SHARED OPERATIONAL SERVICES  
4 AFTER THE GRANT PROGRAM CONCLUDES.

5 (3) THE DEPARTMENT SHALL REVIEW THE APPLICATIONS  
6 SUBMITTED PURSUANT TO SUBSECTION (2)(c) OF THIS SECTION AND MAKE  
7 RECOMMENDATIONS TO THE STATE BOARD. THE STATE BOARD SHALL TAKE  
8 INTO CONSIDERATION THE RECOMMENDATIONS OF THE DEPARTMENT IN  
9 SELECTING ELIGIBLE APPLICANTS THAT RECEIVE GRANTS AND  
10 DETERMINING THE AMOUNT OF EACH GRANT.

11 (4) IN SELECTING GRANTEEES, THE STATE BOARD SHALL GIVE  
12 PRIORITY TO ELIGIBLE APPLICANTS WHO:

13 (a) CREATE A DETAILED PLAN TO MEET THE VARIOUS NEEDS OF  
14 APPROVED FACILITY SCHOOLS THAT REQUIRE SHARED OPERATIONAL  
15 SERVICES; AND

16 (b) ANTICIPATE THE SUSTAINABILITY OF SHARED OPERATIONAL  
17 SERVICES AFTER THE GRANT PROGRAM CONCLUDES BASED ON THE  
18 INFORMATION SUBMITTED PURSUANT TO SUBSECTION (2)(c)(IV) OF THIS  
19 SECTION.

20 (5) THE STATE BOARD MAY PROMULGATE RULES AS NECESSARY  
21 FOR THE IMPLEMENTATION OF THIS SECTION.

22 (6) TO ENSURE ACCOUNTABILITY, THE DEPARTMENT SHALL  
23 CONDUCT AN AUDIT OF AN ELIGIBLE APPLICANT WHO RECEIVES GRANT  
24 MONEY.

25 (7) (a) ON OR BEFORE SEPTEMBER 1, 2024, EACH ELIGIBLE  
26 APPLICANT THAT IS AWARDED GRANT MONEY SHALL SUBMIT AN INTERIM  
27 REPORT TO THE DEPARTMENT. ON OR BEFORE SEPTEMBER 1, 2025, EACH



1 ELIGIBLE APPLICANT THAT IS AWARDED GRANT MONEY SHALL SUBMIT A  
2 FINAL REPORT TO THE DEPARTMENT. THE INTERIM AND FINAL REPORTS  
3 MUST INCLUDE THE FOLLOWING INFORMATION:

4 (I) THE TYPES OF SHARED OPERATIONAL SERVICES THAT WERE  
5 PROVIDED OR COORDINATED BY THE ORGANIZATION;

6 (II) A PERFORMANCE REVIEW OF THE ORGANIZATION THAT  
7 PROVIDED OR COORDINATED SHARED OPERATIONAL SERVICES BETWEEN  
8 APPROVED FACILITY SCHOOLS;

9 (III) AN ANALYSIS OF COST SAVINGS BASED ON THE  
10 IMPLEMENTATION OF THE SHARED OPERATIONAL SERVICES; AND

11 (IV) THE PROJECTED SUSTAINABILITY OF THE SHARED  
12 OPERATIONAL SERVICES AFTER THE GRANT PROGRAM CONCLUDES.

13 (b) AS PART OF THE OCTOBER 1, 2024 AND OCTOBER 1, 2025  
14 REPORTS REQUIRED PURSUANT TO SECTION 22-2-407.5 (4)(e), THE  
15 DEPARTMENT SHALL SUBMIT INFORMATION THAT, AT A MINIMUM,  
16 SUMMARIZES THE INFORMATION RECEIVED BY THE DEPARTMENT  
17 PURSUANT TO SUBSECTION (7)(a) OF THIS SECTION.

18 (8) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2026.

19 **22-2-412. Technical assistance center - creation - definitions.**

20 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
21 REQUIRES:

22 (a) "ADMINISTRATIVE UNIT" HAS THE SAME MEANING AS SET  
23 FORTH IN SECTION 22-20-103.

24 (b) "BOARD OF COOPERATIVE SERVICES" OR "BOCES" MEANS A  
25 BOARD OF COOPERATIVE SERVICES CREATED PURSUANT TO ARTICLE 5 OF  
26 THIS TITLE 22 THAT OPERATES ONE OR MORE PUBLIC SCHOOLS.

27 (c) "CENTER" MEANS THE TECHNICAL ASSISTANCE CENTER

1       CREATED IN SUBSECTION (2) OF THIS SECTION.

2               (d) "REMOTE SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT IN  
3       COLORADO, IRRESPECTIVE OF PUPIL ENROLLMENT, THAT IS MORE THAN  
4       FIFTY MILES FROM THE NEAREST LARGE, URBANIZED AREA.

5               (e) "RURAL SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT IN  
6       COLORADO THAT THE DEPARTMENT DETERMINES IS RURAL, BASED ON THE  
7       GEOGRAPHIC SIZE OF THE SCHOOL DISTRICT, THE DISTANCE OF THE SCHOOL  
8       DISTRICT FROM THE NEAREST LARGE, URBANIZED AREA, AND A TOTAL  
9       ENROLLMENT OF SIX THOUSAND FIVE HUNDRED OR FEWER STUDENTS.

10              (2) (a) THERE IS CREATED IN THE OFFICE THE TECHNICAL  
11       ASSISTANCE CENTER TO PROVIDE TECHNICAL ASSISTANCE TO SCHOOL  
12       DISTRICTS AND RELATED ADMINISTRATIVE UNITS SERVING STUDENTS WITH  
13       EXCEPTIONALLY SEVERE OR SPECIALIZED NEEDS WHO NEED TO BE SERVED  
14       BY AN APPROVED FACILITY SCHOOL BUT ARE UNABLE TO ACCESS AN  
15       APPROVED FACILITY SCHOOL DUE TO LACK OF PROXIMITY TO AN APPROVED  
16       FACILITY SCHOOL OR OTHER FACTORS. THE CENTER SHALL PRIORITIZE  
17       TECHNICAL ASSISTANCE TO RURAL SCHOOL DISTRICTS, REMOTE SCHOOL  
18       DISTRICTS, AND OTHER SCHOOL DISTRICTS AND RELATED ADMINISTRATIVE  
19       UNITS THAT FACE SIGNIFICANT OBSTACLES TO PROVIDING SUPPORTS TO  
20       SERVE STUDENTS WITH EXCEPTIONALLY SEVERE OR SPECIALIZED NEEDS.

21              (b) TECHNICAL ASSISTANCE MAY INCLUDE:

22              (I) TRAINING;

23              (II) PROFESSIONAL DEVELOPMENT;

24              (III) COACHING;

25              (IV) SUPPORTS FOR RESOURCE SHARING AND COLLABORATION  
26       BETWEEN ADMINISTRATIVE UNITS, APPROVED FACILITY SCHOOLS, SCHOOL  
27       DISTRICTS, OR BOCES; AND

1 (V) DIRECT SUPPORTS TO ADMINISTRATIVE UNITS TO ENSURE THE  
2 ADMINISTRATIVE UNIT PROVIDES A FREE AND APPROPRIATE PUBLIC  
3 EDUCATION FOR STUDENTS WITH EXCEPTIONALLY SEVERE OR SPECIALIZED  
4 NEEDS.

5 (3) (a) BEGINNING IN THE 2023-24 BUDGET YEAR, THE CENTER  
6 SHALL ASSESS THE NEEDS OF SCHOOL DISTRICTS, PRIORITIZING RURAL  
7 SCHOOL DISTRICTS, REMOTE SCHOOL DISTRICTS, AND OTHER SCHOOL  
8 DISTRICTS AND RELATED ADMINISTRATIVE UNITS THAT FACE SIGNIFICANT  
9 OBSTACLES TO PROVIDING SUPPORTS TO SERVE STUDENTS WITH  
10 EXCEPTIONALLY SEVERE OR SPECIALIZED NEEDS.

11 (b) BEGINNING IN THE 2024-25 BUDGET YEAR, THE CENTER SHALL  
12 PROVIDE TECHNICAL ASSISTANCE TO SCHOOL DISTRICTS, PRIORITIZING  
13 RURAL SCHOOL DISTRICTS, REMOTE SCHOOL DISTRICTS, AND OTHER  
14 SCHOOL DISTRICTS AND RELATED ADMINISTRATIVE UNITS THAT FACE  
15 SIGNIFICANT OBSTACLES TO PROVIDING SUPPORTS TO SERVE STUDENTS  
16 WITH EXCEPTIONALLY SEVERE OR SPECIALIZED NEEDS.

17 (4) THE QUALIFIED THIRD-PARTY EVALUATOR DESCRIBED IN  
18 SECTION 22-2-405 (4) SHALL STUDY THE EFFECTIVENESS OF THE CENTER,  
19 WHICH MUST INCLUDE FEEDBACK FROM SCHOOL DISTRICTS AND  
20 ADMINISTRATIVE UNITS THAT USE THE SERVICES OF THE CENTER.

21 (5) SUBJECT TO AVAILABLE APPROPRIATIONS, THE CENTER MAY  
22 EXTEND SUPPORT SERVICES TO SCHOOL DISTRICTS AND RELATED  
23 ADMINISTRATIVE UNITS TO IMPROVE SERVICES FOR STUDENTS WITH  
24 EXCEPTIONALLY SEVERE OR SPECIALIZED NEEDS, INCLUDING THROUGH  
25 GRANT PROGRAMS AND DIRECT AND CONTRACTED SERVICES.

26 **SECTION 11.** In Colorado Revised Statutes, 22-54-129, **amend**  
27 (2)(c)(II), (3), and (4); and **add** (1)(a.5), (2)(c)(III), and (2.5) as follows:

1           **22-54-129. Facility school funding - definitions - legislative**  
2 **declaration.** (1) As used in this section, unless the context otherwise  
3 requires:

4           (a.5) "BASELINE FUNDING" MEANS A FUNDING AMOUNT BASED ON  
5 STUDENT ENROLLMENT PROJECTIONS THAT IS INTENDED TO PROVIDE  
6 SUFFICIENT FUNDING FOR MINIMUM EDUCATION PROGRAM SERVICES FOR  
7 AN APPROVED FACILITY SCHOOL.

8           (2) (c) (II) For the 2013-14 budget year and each budget year  
9 thereafter, each ~~approved facility school~~ and state program that meets the  
10 requirements of this section must receive education program funding,  
11 which must be distributed pursuant to subsection (4) of this section. The  
12 amount of funding available for all ~~approved facility schools~~ and state  
13 programs in a budget year is an amount equal to the pupil enrollment of  
14 each ~~approved facility school~~ and state program for the applicable budget  
15 year multiplied by an amount equal to one and seventy-three hundredths  
16 of the statewide base per pupil funding for the applicable budget year.

17           (III) FOR THE 2013-14 BUDGET YEAR THROUGH THE 2022-23  
18 BUDGET YEAR, EACH APPROVED FACILITY SCHOOL THAT COMPLIES WITH  
19 THE REQUIREMENTS OF THIS SECTION MUST RECEIVE EDUCATION PROGRAM  
20 FUNDING, WHICH MUST BE DISTRIBUTED PURSUANT TO SUBSECTION (4) OF  
21 THIS SECTION. THE AMOUNT OF FUNDING AVAILABLE FOR ALL APPROVED  
22 FACILITY SCHOOLS IN A BUDGET YEAR IS AN AMOUNT EQUAL TO THE PUPIL  
23 ENROLLMENT OF EACH APPROVED FACILITY SCHOOL FOR THE APPLICABLE  
24 BUDGET YEAR MULTIPLIED BY AN AMOUNT EQUAL TO ONE AND  
25 SEVENTY-THREE HUNDREDTHS OF THE STATEWIDE BASE PER PUPIL  
26 FUNDING FOR THE APPLICABLE BUDGET YEAR.

27           (2.5) (a) (I) FOR THE 2023-24 BUDGET YEAR AND EACH BUDGET

1 YEAR THEREAFTER, EACH APPROVED FACILITY SCHOOL THAT MEETS THE  
2 REQUIREMENTS OF THIS SECTION MUST RECEIVE EDUCATION PROGRAM  
3 FUNDING, WHICH MUST BE DISTRIBUTED PURSUANT TO THIS SUBSECTION  
4 (2.5). THE AMOUNT OF STATE FUNDING AVAILABLE FOR ALL APPROVED  
5 FACILITY SCHOOLS IN A BUDGET YEAR IS AN AMOUNT EQUAL TO THE SUM  
6 OF THE BASELINE FUNDING OF EACH APPROVED FACILITY SCHOOL FOR THE  
7 APPLICABLE BUDGET YEAR, BASED ON STUDENT ENROLLMENT  
8 PROJECTIONS FOR EACH APPROVED FACILITY SCHOOL AND PER PUPIL  
9 FUNDING FOR EACH APPROVED FACILITY SCHOOL, IF APPLICABLE, OFFSET  
10 BY OTHER REVENUE SOURCES DESCRIBED IN SUBSECTION (2.5)(a)(III) OF  
11 THIS SECTION.

12 (II) THE BASELINE FUNDING AMOUNT MUST BE CALCULATED BY  
13 USING STUDENT ENROLLMENT PROJECTIONS. THE BASELINE FUNDING  
14 AMOUNT MAY INCLUDE FUNDING FOR SPECIAL EDUCATION DIRECTORS,  
15 LICENSED TEACHERS, RELEVANT THERAPEUTIC STAFF, CLASSROOM  
16 TEACHING AIDES, SCHOOL ADMINISTRATION, NONPERSONNEL COSTS, AND  
17 ANY OTHER ELEMENTS REQUIRED TO PROVIDE MINIMUM EDUCATION  
18 PROGRAM SERVICES FOR AN APPROVED FACILITY SCHOOL.

19 (III) THE BASELINE FUNDING AMOUNT PAID BY THE STATE MUST BE  
20 OFFSET BY A PORTION OF THE TUITION RECEIVED FOR THE COST OF  
21 ENROLLED STUDENTS PER DAY FOR SPECIAL EDUCATION SERVICES FROM  
22 SCHOOL DISTRICTS PURSUANT TO SECTION 22-20-109 AND BY A PORTION  
23 OF HOSPITAL REVENUE FOR THE COST OF ENROLLED STUDENTS PER DAY  
24 FROM OTHER SOURCES FOR HOSPITAL-BASED APPROVED FACILITY  
25 SCHOOLS.

26 (b) THE OFFICE OF FACILITY SCHOOLS MAY SUSPEND, REDUCE, OR  
27 RECOUP MONTHLY PAYMENTS FROM AN APPROVED FACILITY SCHOOL IF

1 THE OFFICE OF FACILITY SCHOOLS DETERMINES THAT AN APPROVED  
2 FACILITY SCHOOL DOES NOT PROVIDE SERVICES FOR WHICH THE APPROVED  
3 FACILITY SCHOOL IS FUNDED OR SERVES SIGNIFICANTLY FEWER STUDENTS  
4 THAN WERE ANTICIPATED WHEN THE APPROVED FACILITY SCHOOL'S  
5 BASELINE FUNDING WAS APPROVED.

6 (c) BASELINE FUNDING MUST BE ADJUSTED BASED ON THRESHOLDS  
7 FOR STUDENT ENROLLMENT COUNT, BUT AN APPROVED FACILITY SCHOOL  
8 SHALL RECEIVE FUNDING FOR NO FEWER THAN EIGHT STUDENTS. BASELINE  
9 FUNDING MUST BE ADJUSTED EACH YEAR FOR INFLATIONARY IMPACTS ON  
10 EACH COST ELEMENT INCLUDED IN THE CALCULATION. STUDENT  
11 ENROLLMENT THRESHOLDS PROVIDE FOR FUNDING ADJUSTMENTS FOR:

- 12 (I) UP TO EIGHT STUDENTS;
- 13 (II) NINE TO SIXTEEN STUDENTS; AND
- 14 (III) SEVENTEEN OR MORE STUDENTS.

15 (d) (I) STUDENT ENROLLMENT PROJECTIONS MUST BE BASED ON  
16 ACTUAL STUDENT ENROLLMENT COUNTS FROM PRIOR YEARS, CAPACITY  
17 ADJUSTMENTS, OR ANY OTHER FACTORS RELEVANT TO PROJECTING THE  
18 AVERAGE STUDENT ENROLLMENT FOR EACH APPROVED FACILITY SCHOOL  
19 IN A BUDGET YEAR.

20 (II) INITIAL FUNDING LEVELS AND MONTHLY PAYMENTS TO  
21 APPROVED FACILITY SCHOOLS MUST BE BASED ON ACTUAL STUDENT  
22 ENROLLMENT COUNTS FROM PRIOR YEARS, WHICH MAY BE ADJUSTED BY  
23 THE OFFICE OF FACILITY SCHOOLS TO ADDRESS KNOWN CHANGES IN THE  
24 CAPACITY OF AN APPROVED FACILITY SCHOOL. IF THE STUDENT  
25 ENROLLMENT COUNT FOR AN APPROVED FACILITY SCHOOL IS  
26 SIGNIFICANTLY DIFFERENT THAN THE PROJECTED STUDENT ENROLLMENT  
27 COUNT, THE AMOUNT OF FUNDING MUST BE ADJUSTED TO ACCOUNT FOR

1 THE CHANGE.

2 (III) THE DEPARTMENT MAY REQUEST ADDITIONAL FUNDS FOR THE  
3 CURRENT BUDGET YEAR OR THE NEXT BUDGET YEAR AS PART OF ITS  
4 MID-YEAR BUDGET SUBMISSION IF REQUIRED BASED ON EXPENDITURE  
5 PROJECTIONS DUE TO CUMULATIVE STUDENT ENROLLMENT DATA THROUGH  
6 NOVEMBER OF A GIVEN BUDGET YEAR.

7 (e) (I) FOR THE 2023-24 BUDGET YEAR, THE STATE SHALL PAY  
8 BASELINE FUNDING AMOUNTS TO APPROVED FACILITY SCHOOLS WITH  
9 STUDENT ENROLLMENT THRESHOLDS AS FOLLOWS:

10 (A) UP TO EIGHT STUDENTS MUST BE NO MORE THAN FIFTY  
11 THOUSAND ONE HUNDRED FORTY-NINE DOLLARS PER MONTH LESS THE  
12 OFFSET AMOUNT CALCULATED PURSUANT TO SUBSECTION (2.5)(a)(III) OF  
13 THIS SECTION AND SET FORTH IN SUBSECTION (2.5)(e)(II) OF THIS SECTION;

14 (B) NINE TO SIXTEEN STUDENTS MUST BE NO MORE THAN  
15 FIFTY-NINE THOUSAND SIX HUNDRED NINETY-SEVEN DOLLARS PER MONTH  
16 LESS THE OFFSET AMOUNT CALCULATED PURSUANT TO SUBSECTION  
17 (2.5)(a)(III) OF THIS SECTION AND SET FORTH IN SUBSECTION (2.5)(e)(II)  
18 OF THIS SECTION;

19 (C) THE PAYMENT FOR EACH ADDITIONAL STUDENT ABOVE  
20 SIXTEEN STUDENTS MUST BE NO MORE THAN TWO THOUSAND FIVE  
21 HUNDRED FORTY-ONE DOLLARS PER MONTH PER STUDENT IN ADDITION TO  
22 THE FIFTY-NINE THOUSAND SIX HUNDRED NINETY-SEVEN DOLLARS PER  
23 MONTH DESCRIBED IN SUBSECTION (2.5)(e)(I)(B) OF THIS SECTION, LESS  
24 THE OFFSET AMOUNT CALCULATED PURSUANT TO SUBSECTION (2.5)(a)(III)  
25 OF THIS SECTION AND SET FORTH IN SUBSECTION (2.5)(e)(II) OF THIS  
26 SECTION. THE AMOUNT PER STUDENT FOR EACH ADDITIONAL STUDENT  
27 PURSUANT TO THIS SUBSECTION (2.5)(e)(I)(C) MUST DECREASE BASED ON

1 STUDENT ENROLLMENT THRESHOLDS ESTABLISHED BY THE DEPARTMENT.

2 (II) THE OFFSET AMOUNTS DESCRIBED IN SUBSECTION (2.5)(a)(III)  
3 MUST BE CALCULATED AS FIFTY-FIVE DOLLARS PER ENROLLED STUDENT  
4 PER DAY FOR SPECIAL EDUCATION SERVICES FROM SCHOOL DISTRICTS AND  
5 SEVENTY-FIVE DOLLARS PER ENROLLED STUDENT PER DAY FOR THE  
6 PORTION OF THE HOSPITAL REVENUE FROM OTHER SOURCES FOR  
7 HOSPITAL-BASED APPROVED FACILITY SCHOOLS.

8 (III) FOR FUTURE BUDGET YEARS AFTER THE 2023-24 BUDGET  
9 YEAR, INFLATIONARY ADJUSTMENTS AND OTHER ADJUSTMENTS TO THE  
10 AMOUNTS SET FORTH IN THIS SUBSECTION (2.5)(e) MUST BE SET IN THE  
11 ANNUAL APPROPRIATIONS BILL.

12 (f) SUBJECT TO AVAILABLE APPROPRIATIONS, FUNDING FOR EACH  
13 APPROVED FACILITY SCHOOL MAY BE PRORATED PROPORTIONATELY BASED  
14 ON STUDENT ENROLLMENT.

15 (3) To receive education program funding pursuant to this section,  
16 an approved facility school, THROUGH THE 2022-23 BUDGET YEAR, or a  
17 state program shall submit its pupil enrollment for the applicable budget  
18 year to the department on or before November 10, 2008, and on or before  
19 October 5 of each budget year thereafter.

20 (4) (a) In addition to the requirements of subsection (3) of this  
21 section, on or before the fifteenth day of each month, an approved facility  
22 school or a state program shall report to the department, in a manner to be  
23 determined by the department, the actual number of students who  
24 received educational services at the approved facility school or through  
25 the state program during the prior calendar month and the corresponding  
26 number of full-time equivalent students to which the approved facility  
27 school or state program provided such services. The department may



1 accept amended monthly reports from an approved facility school or a  
2 state program prior to making the distribution of funding for the  
3 applicable month pursuant to ~~paragraph (b) of this subsection (4)~~  
4 SUBSECTION (4)(b) OF THIS SECTION. BEGINNING IN THE 2023-24 BUDGET  
5 YEAR, FUNDING FOR AN APPROVED FACILITY SCHOOL MUST BE  
6 DISTRIBUTED PURSUANT TO SUBSECTION (2.5) OF THIS SECTION.

7 (b) (I) On or before the fifteenth day of the month following the  
8 month in which ~~an approved facility school or a state program~~ reported  
9 the number of students to which it provided educational services and the  
10 number of full-time equivalent students to which the ~~approved facility~~  
11 ~~school or state program~~ provided services pursuant to ~~paragraph (a) of~~  
12 ~~this subsection (4)~~ SUBSECTION (4)(a) OF THIS SECTION, the department  
13 shall pay the ~~approved facility school or state program~~ a proportional  
14 amount of the total amount of education program funding as determined  
15 pursuant to subsection (2) of this section, based on the ~~approved facility~~  
16 ~~school's or state program's~~ reported number of full-time equivalent  
17 students.

18 (II) FOR THE 2013-14 BUDGET YEAR THROUGH THE 2022-23  
19 BUDGET YEAR ONLY, ON OR BEFORE THE FIFTEENTH DAY OF THE MONTH  
20 FOLLOWING THE MONTH IN WHICH AN APPROVED FACILITY SCHOOL  
21 REPORTED THE NUMBER OF STUDENTS TO WHOM IT PROVIDED  
22 EDUCATIONAL SERVICES AND THE NUMBER OF FULL-TIME EQUIVALENT  
23 STUDENTS TO WHOM THE APPROVED FACILITY SCHOOL PROVIDED SERVICES  
24 PURSUANT TO SUBSECTION (4)(a) OF THIS SECTION, THE DEPARTMENT  
25 SHALL PAY THE APPROVED FACILITY SCHOOL A PROPORTIONAL AMOUNT OF  
26 THE TOTAL AMOUNT OF EDUCATION PROGRAM FUNDING AS DETERMINED  
27 PURSUANT TO SUBSECTION (2) OF THIS SECTION BASED ON THE APPROVED

1 FACILITY SCHOOL'S REPORTED NUMBER OF FULL-TIME EQUIVALENT  
2 STUDENTS.

3 (III) BEGINNING IN THE 2023-24 BUDGET YEAR, THE DEPARTMENT  
4 SHALL PAY AN APPROVED FACILITY SCHOOL MONTHLY AS SET FORTH IN  
5 SUBSECTION (2.5) OF THIS SECTION.

6 (c) The department may prorate the payments made pursuant to  
7 ~~paragraph (b) of this subsection (4)~~ SUBSECTIONS (4)(b)(I) AND (4)(b)(II)  
8 OF THIS SECTION, if the department determines that such action is  
9 necessary to accommodate a projected shortfall in education program  
10 funding as calculated pursuant to subsection (2) of this section.

11 **SECTION 12.** In Colorado Revised Statutes, 25-1.5-103, **add** (6)  
12 as follows:

13 **25-1.5-103. Health facilities - powers and duties of department**  
14 **reports - rules - limitations on rules - definitions - repeal.** (6) (a) THE  
15 DEPARTMENT SHALL COLLABORATE WITH THE DEPARTMENT OF  
16 EDUCATION, THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING,  
17 AND THE DEPARTMENT OF HUMAN SERVICES TO DEVELOP AN  
18 INTERAGENCY RESOURCE GUIDE PURSUANT TO SECTION 22-2-410 TO  
19 ASSIST FACILITIES TO BECOME LICENSED OR AUTHORIZED AS APPROVED  
20 FACILITY SCHOOLS AND TO RECOMMEND CHANGES RELATED TO THE  
21 INTERAGENCY RESOURCE GUIDE TO THE DEPARTMENT'S STATUTE, RULE,  
22 OR ADMINISTRATIVE PROCEDURES.

23 (b) THE DEPARTMENT SHALL PROMINENTLY POST THE  
24 INTERAGENCY RESOURCE GUIDE CREATED PURSUANT TO SUBSECTION  
25 (6)(a) OF THIS SECTION ON THE DEPARTMENT'S WEBSITE.

26 **SECTION 13.** In Colorado Revised Statutes, 25.5-1-104, **add** (6)  
27 as follows:

1           **25.5-1-104. Department of health care policy and financing**  
2           **created - executive director - powers, duties, and functions - report.**

3           (6) (a) (I) THE STATE DEPARTMENT SHALL COLLABORATE WITH THE  
4           DEPARTMENT OF EDUCATION, THE DEPARTMENT OF PUBLIC HEALTH AND  
5           ENVIRONMENT, AND THE DEPARTMENT OF HUMAN SERVICES TO DEVELOP  
6           AN INTERAGENCY RESOURCE GUIDE PURSUANT TO SECTION 22-2-410 TO  
7           ASSIST FACILITIES TO BECOME LICENSED OR AUTHORIZED AS APPROVED  
8           FACILITY SCHOOLS AND TO RECOMMEND CHANGES RELATED TO THE  
9           INTERAGENCY RESOURCE GUIDE TO THE STATE DEPARTMENT'S STATUTE,  
10          RULE, OR ADMINISTRATIVE PROCEDURES.

11          (II) THE STATE DEPARTMENT SHALL PROMINENTLY POST THE  
12          INTERAGENCY RESOURCE GUIDE CREATED PURSUANT TO SUBSECTION  
13          (6)(a)(I) OF THIS SECTION ON THE DEPARTMENT'S WEBSITE.

14          (b) ON OR BEFORE NOVEMBER 1, 2023, THE STATE DEPARTMENT,  
15          AFTER CONSULTING WITH THE FACILITY SCHOOL WORK GROUP CREATED IN  
16          SECTION 22-2-407.5, SHALL RECOMMEND A PLAN TO PROVIDE GUIDANCE  
17          TO APPROVED FACILITY SCHOOLS ON THE ELIGIBILITY STANDARDS  
18          REQUIRED TO REQUEST AND RECEIVE MEDICAID REIMBURSEMENT FUNDING  
19          FOR THERAPEUTIC SERVICES TO THE MAXIMUM EXTENT POSSIBLE TO  
20          REDUCE RELIANCE ON SCHOOL DISTRICT REVENUES FOR TUITION  
21          PAYMENTS REQUIRED PURSUANT TO SECTION 22-20-109. THE PLAN MUST  
22          INCLUDE BEST PRACTICES FROM OTHER STATES, RECOMMENDATIONS ON  
23          REQUIRED FEDERAL OR STATE AUTHORITY CHANGES, COST ESTIMATES,  
24          AND COST-SAVING POTENTIALS.

25          **SECTION 14.** In Colorado Revised Statutes, 26-6-905, **add** (12)  
26          as follows:

27          **26-6-905. Licenses - out-of-state notices and consent -**

1 **demonstration pilot program - report - rules - definition.** (12)(a) THE  
2 STATE DEPARTMENT SHALL COLLABORATE WITH THE DEPARTMENT OF  
3 EDUCATION, THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT,  
4 AND THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING TO  
5 DEVELOP AN INTERAGENCY RESOURCE GUIDE PURSUANT TO SECTION  
6 22-2-410 TO ASSIST FACILITIES TO BECOME LICENSED OR AUTHORIZED AS  
7 APPROVED FACILITY SCHOOLS AND TO RECOMMEND CHANGES RELATED TO  
8 THE INTERAGENCY RESOURCE GUIDE TO THE STATE DEPARTMENT'S  
9 STATUTE, RULE, OR ADMINISTRATIVE PROCEDURES.

10 (b) THE STATE DEPARTMENT SHALL PROMINENTLY POST THE  
11 INTERAGENCY RESOURCE GUIDE CREATED PURSUANT TO SUBSECTION  
12 (12)(a) OF THIS SECTION ON THE DEPARTMENT'S WEBSITE.

13 **SECTION 15.** In Colorado Revised Statutes, 22-2-103, **amend**  
14 (1)(g) as follows:

15 **22-2-103. Department of education.** (1) The department of  
16 education shall include the following:

17 (g) The OFFICE OF facility schools ~~unit~~ created in section  
18 22-2-403;

19 **SECTION 16.** In Colorado Revised Statutes, 22-2-107, **amend**  
20 (1)(q) as follows:

21 **22-2-107. State board - power.** (1) The state board has the  
22 power:

23 (q) To promulgate rules and regulations to define the types and  
24 amounts of costs in excess of applicable revenues that a school district of  
25 residence of a child with a disability shall pay as tuition to educate that  
26 child elsewhere within Colorado at a facility, as defined by the  
27 department in its regulations, approved by the OFFICE OF facility schools

1 unit in the department pursuant to section 22-2-407, or at an  
2 administrative unit as defined in section 22-20-103 (1) other than the  
3 administrative unit of residence; however, a school district may pay a  
4 higher amount, as provided in section 22-20-109 (1);

5 **SECTION 17.** In Colorado Revised Statutes, 22-20-109, **amend**  
6 (2)(b) as follows:

7 **22-20-109. Tuition - rules.** (2) (b) The state board shall  
8 promulgate rules to define the contract approval process and the method  
9 for determining the tuition rate that a school district of residence of a  
10 child with a disability shall pay as tuition to educate that child at an  
11 approved facility school. The rules for determining a tuition rate must  
12 include, but need not be limited to, the limitations on the number of staff  
13 members per number of students, the number of school days, all special  
14 education expenditures as defined in section 22-20-103 (22.7) and  
15 specified by the child's IEP, other education costs, and applicable  
16 revenues associated with the approved facility school's educational  
17 program. The rules may not require that, in calculating the amount of the  
18 tuition charge for educating a child with a disability in an approved  
19 facility school, the costs incurred by the approved facility school in  
20 providing the special education program be reduced by the amount of  
21 revenues, if any, received by the approved facility school as donations or  
22 special education grants. The school district of residence is responsible  
23 for paying as tuition any excess costs above the amount the department  
24 pays to provide these services pursuant to ~~section 22-54-129 (2)~~ SECTION  
25 22-54-129.

26 **SECTION 18.** In Colorado Revised Statutes, 24-1-115, **amend**  
27 (12) as follows:

1           **24-1-115. Department of education - creation.** (12) The  
2 department of education includes the OFFICE OF facility schools **unit** and  
3 the office of the director of the OFFICE OF facility schools **unit** established  
4 in section 22-2-403. The OFFICE OF facility schools **unit** and the office of  
5 the director of the facility schools unit are **type 2** entities, as defined in  
6 section 24-1-105, and exercise their powers and perform their duties and  
7 functions under the department, the commissioner of education, and the  
8 state board of education.

9           **SECTION 19. Safety clause.** The general assembly hereby finds,  
10 determines, and declares that this act is necessary for the immediate  
11 preservation of the public peace, health, or safety.

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Amanda Bickel, JBC Staff (303-866-4960)  
DATE March 16, 2023  
SUBJECT Facility School Bill and Fiscal Note

During figure setting for the Department of Education on February 23, 2023, the Committee:

- Received a public copy of a bill draft dated February 21, 2023 of LLS 23-0418.01 Concerning Services To Support Students Eligible To Enroll In Facility Schools, but did not vote on the draft pending final bill edits.
- Approved a **set-aside** of \$20,000,000 cash funds from the State Education Fund for the bill.
- Approved the staff recommendation for an appropriation of \$13,211,265 cash funds from the State Education Fund in the Long Bill for facility schools and \$264,225 reappropriated funds for administration. This administration amount included a reduction of \$82,693 because current law restricts administration to 2.0 percent of the amounts paid to facilities.

The purpose of this memo, and associated bill draft is to:

- Recommend adjusted *Long Bill* appropriations for related facility school line items for FY 2023-24.
- Finalize the fiscal note and appropriation required for the Facility School bill for FY 2023-24 and future years;
- Ask the Committee to approve the bill draft (with permission to add the appropriation clause and make any final technical adjustments required).
- As reflected below, excluding adjustments related to existing law, the fiscal impact of the bill is projected to be \$18,514,448 cash funds from the State Education Fund in FY 2023-24. If the bill is successful in increasing the number of facility school placements, these costs will grow over time.

### FISCAL NOTE FOR LLS 23-0418.01 CONCERNING SERVICES TO SUPPORT STUDENTS ELIGIBLE TO ENROLL IN FACILITY SCHOOLS

Legislative Council Staff developed the bill costs below, in collaboration with JBC Staff. The amounts shown are built on adjustments staff is also recommending to the Long Bill base for FY 2023-24.

LLS 23-0418.01 EXPENDITURES/APPROPRIATIONS REQUIRED FOR DEPARTMENT OF EDUCATION RELATED TO NEW FUNCTIONS AMOUNTS ARE FROM THE STATE EDUCATION FUND			
COST COMPONENTS	FY 2023-24	FY 2024-25	FY 2024-25
<b>Department of Education</b>			
Personal Services	\$379,349	\$418,657	\$507,932
Operating Expenses	\$5,535	\$6,210	\$7,560
Capital Outlay Costs	\$6,680	\$1,670	\$1,670
Shared Operational Services Grant	\$200,000	\$0	\$0

LLS 23-0418.01 EXPENDITURES/APPROPRIATIONS REQUIRED FOR DEPARTMENT OF EDUCATION RELATED TO NEW FUNCTIONS AMOUNTS ARE FROM THE STATE EDUCATION FUND			
COST COMPONENTS	FY 2023-24	FY 2024-25	FY 2024-25
Working Group & Evaluation Contractor	\$100,000	\$200,000	\$200,000
Funding for New Spec. Day Schools	\$3,077,269	\$6,778,019	\$11,211,736
Addl Funding for Baseline Model	\$14,664,903	\$15,428,886	\$15,845,466
Data System Costs	-	\$129,450	-
Centrally Appropriated Costs <sup>1</sup>	\$80,712	\$89,903	\$109,283
FTE – Personal Services	4.1 FTE	4.6 FTE	5.6 FTE
<b>Total</b>	<b>18,514,448</b>	<b>\$23,052,796</b>	<b>\$27,883,647</b>
<b>Total FTE</b>	<b>4.1 FTE</b>	<b>4.6 FTE</b>	<b>5.6 FTE</b>

**Detail – Components of Additional FTE for CDE**

	FY 23-24	FY 24-25	FY 25-6	
School Finance	1.0	0.6	0.6	formula, guidance, baseline/projections review, monthly processing of payments
Grants	0.1			program set up / management
Facility Schools	3.0	4.0	5.0	tech assistance, accountability/accreditation, specialized day school approval
<b>Total</b>	<b>4.1</b>	<b>4.6</b>	<b>5.6</b>	increase of 1 FTE per year for tech assist

**Detail – Assumptions Related to Creation of New Facility Schools**

A significant goal of this bill is to promote the creation of new facility schools and expansion of existing schools. The table below shows the assumptions related to the creation of new schools in FY 2023-24. *This may be overly-optimistic*, but funds that are not used will revert to the State Education Fund. The Department assumes four new schools will be added in FY 2024-25 (1 small, 1 medium, and two large) and five new schools in FY 2025-26 (2 small 1 medium 2 large).

FY 23-24 ASSUMPTIONS – NEW SCHOOLS			
	STATE COST	NEW SCHOOLS	COST
Small School (16 students)	\$561,482	1	\$561,482
Medium School (24 students)	\$736,305	2	\$1,472,610
Large (40 students)	\$1,043,177	1	\$1,043,177
<b>Total Cost</b>			<b>\$3,077,269</b>

**Detail - Impacts on Other Departments**

Fiscal notes staff surveyed the other departments that will be affected by the bill: the Departments of Health Care Policy and Financing, Human Services, and Public Health and Environment. The first two indicated that they could absorb the costs. The Department of Public Health and Environment identified a fiscal impact for 0.2 FTE. In light of the responses from the other department, which will have similar tasks to CDPHE (evaluating licensing processes and identifying excessive regulatory



obstacles to the creation and development of facility schools), JBC Staff and LCS staff agree that CDPHE should be able to absorb the impact.

***JBC Staff – Adjustments to Long Bill Amounts and Additional Adjustments to Include in Appropriation Clause for LLS 23-0418.01***

The Committee previously approved \$13,211,265 cash funds from the State Education Fund for the Facility School Funding line item for FY 2023-24. Based on further review of CDE projected expenditures for FY 2022-23 and the assumptions included by the Department’s consultant for the facility school project, staff has concluded that the estimates for facility school spending under current law were too high. Because of this, **staff is recommending the following revision to to the Committee’s previous action on amounts to include in the Long Bill, resulting in an overall reduction of \$2.4 million cash funds from the amount previously approved.**

FACILITY SCHOOL FUNDING: FY 2023-24 REVISED RECOMMENDATION FOR LONG BILL AMOUNTS				
DESCRIPTION	FY 2022-23 APPROPRIATION	FY 2022-23 CURRENT PROJECTION	FY 2023-24 STAFF REC.	CHANGE FROM FY 2022-23 APPROP.
Projected Average Facility Schools FTE	927	760	*	*
Multiplied by: Statewide Base Per Pupil Funding X 1.73	\$12,937.22	\$12,937.22	\$13,972.20	\$1,034.97
Total Estimated Facility School payments	\$11,991,250	\$9,832,287	\$10,618,870	\$786,583
Plus: Additional Funding (approximately 2.0 percent) to account for placement and attendance fluctuations	\$239,825	\$196,646	\$212,377	\$15,731
Recommendation for Facility School Funding line item	\$12,231,075	\$10,028,933	<b>\$10,831,248</b>	\$802,314
Estimated portion of the above amount transferred to state agencies:				
<i>Department of Education:</i> Colorado School for the Deaf and the Blind	\$1,620,730	\$1,448,803	\$1,750,502	\$129,772
<i>Department of Human Services:</i> Mental Health Institutes (Pueblo only)	\$161,674	\$77,513	\$174,608	\$12,934

\*There are inconsistencies in Department student FTE calculations that Staff is unable to resolve. However, staff believes expenditure projections for FY 2023-24 are sound and has therefore calculated the FY 2023-24 amount based on the FY 2022-23 estimate inflated by 8.0 percent.

- Because funding for facility school administration under current law is restricted to 2.0 percent of the spending for facility schools, **the revised staff recommendation for facility school administration in the Long Bill is \$216,625.** However, because the facility school bill changes the administrative structure for the program, **this administration amount will be adjusted in LLS 23-0418.01 to restore base administration funding to the FY 2022-23 level with common policy adjustments (total of \$346,918 for 3.0 FTE).**
- LLS 23-0418.01 only changes funding for facility schools that are not state schools. The funding structure for the two state schools—the Colorado School for the Deaf and the Blind and the school at the Colorado Mental Health Institute at Pueblo—will not change. Because of this, staff also recommends **breaking the existing facility school line in the Long Bill into two components:** one for state schools and one for facility schools.

ADDITIONAL LONG BILL AND ADMINISTRATIVE COST ADJUSTMENTS			
REVISED LONG BILL APPROPRIATION	CASH FUNDS	REAPPROPRIATED	
	STATE EDUCATION FUND	FUNDS (FROM THE SEF)	
Facility School Administration		216,625	
Revise existing total for Facility Schools to current year proj+8%	\$10,831,248		
State schools	<u>1,925,110</u>		
Balance-facility schools	8,906,138		
<b>Change to Base Administration Appropriations for Facility Schools in LLS 23-0418</b>			
Adjust LB for change in administration approach		(216,625)	(3.0)
Appropriation for current 3.0 FTE	346,918		3.0

**Overview of Baseline Funding Model**

- The purpose of the baseline funding model is to create a larger and more stable revenue stream for facility schools—and particularly small facility schools--so that they remain viable. The current system of funding schools on a per pupil enrollment model is highly problematic for a small school (8 to 16 students), since if average enrollment dips by only one or two students the school may lose a large share of its revenue.
- In general, all schools have some fixed costs which cannot be easily adjusted, and these fixed costs are particularly significant for a small school, which must have a minimum amount of funding to support its director and teaching staff, including the special education and other staff who are critical to serving children and youth with exceptionally severe or specialized needs.
- The new state baseline funding model is expected to provide a relatively stable amount of funding for schools up to 16 students. Above that level, the model adds funds on a per-pupil basis, with the amount provided per student declining at specified size thresholds, i.e., the amount for student number 17 is more than the amount for student number 44.
- The funding sources for the schools is currently—and will remain—a combination of state support (for baseline and per-pupil amounts) and special education funds that are paid by the school districts where students are enrolled. The baseline funding model assumes that in FY 2023-24 the first \$55 per day provided by school districts is used to support the baseline funding required, while amounts above that support additional special education services. For hospital-based schools, which typically serve students for only a few days, the model in FY 2023-24 assumes \$75 per day is available from insurance and other hospital revenues to support school operations (more on this topic below).
- The bill identifies specific amounts built into the model for FY 2023-24, but specifies that inflationary and other adjustments in future years will be established through the annual budget process.
- As specified in the bill, for FY 2023-24, the state shall pay:

- Up to \$50,149 per school per month less the offset for special education payments (\$55 per student day) or hospital revenue (\$75 per student per day) for schools with up to eight students.
- Up to \$59,697 per school per month, less the same offsets, for schools with up to sixteen students.
- No more than \$2,549 per month per student for student enrollment counts over 16 (less the same offsets). The per student amount decreases based on student enrollment thresholds. (These thresholds are for up to 32 students, up to 44 students, and more than 44 students in FY 2023-24.)

BASELINE FUNDING - EXISTING SCHOOLS			
	BASELINE FUNDING ESTIMATE	ENROLLMENT ESTIMATE	FUNDING PER SFTE PER YEAR
Total Baseline Funding Required	\$30,883,093	\$832	\$37,119
Tuition offset - school districts	5,688,452	709	\$8,023
Hospital offset - insurance/other	1,623,600	123	\$13,200
Balance - state payment	<b>\$23,571,041</b>	832	\$28,330
Amount in Long Bill (PPOR)*	8,906,138		
Difference needed	<b>14,664,903</b>		
*Note that in FY 2022-23 and FY 2021-22, schools received supplemental payments, in addition to PPOR, increasing funding by over 72.0 percent			

The weighted average increase in *state* funding for facility schools in this bill is **164.7 percent** above current law per pupil funding and **76.0 percent above recent year funding** (the combination of the “per pupil” structure in law and the temporary supplemental funding added in FY 2021-22 and FY 2022-23). Increases by school vary from as much as 300-400 percent for tiny schools to 14.5 percent for one of the largest schools.

***Area of Difference Between Staff and Department of Education’s Consultant – Hospital Schools***

Five of the current facility schools are based within hospitals. This includes specialized mental hospitals (such as Cedar Springs) and hospitals serving children with medical issues (National Jewish). These hospital schools typically serve students for short lengths of stay 1-7 days maximum. Historically, there were additional hospital-based schools, such as Children’s Hospital. The hospital-based schools do not receive special education funding from school districts, because they admit students directly, without a referral from a school district or other public entity. As a result, the state funding required to meet the “baseline” for the hospital-based schools was initially far higher than for other schools because there was no special education funding “offset”. The model was subsequently adjusted to reflect \$55 per day for the hospital based schools as well, but not based on any substantial data analysis. Nonetheless, hospital-based schools received disproportionate increases in the funding model as provided to staff. The staff recommendation therefore applies a larger offset (\$75) for the hospital based schools. This recommendation is based on the following considerations.

- Staff views the central purpose of this bill as stabilizing/increasing the number of step-down facilities for students with severe needs. Although hospital-based schools will also benefit, they are different from the other schools in many respects, including in typical length of stay.
- As part of their accreditation requirements, hospitals are required to provide educational services for school-aged children. While the depth of services may not be as great as is provided at a facility school, hospitals must build educational costs into their overall institution-wide funding models. If a hospital closes a facility school, it must still provide some educational services.
- The one insurance carrier that does make payments for education reportedly pays \$67 per day.
- An offset at the \$75 per student per day level ensures that hospital schools receive a weighted average increase in state funding similar to the increase for other schools (76 percent above per pupil plus the supplemental funding provided in recent years).

The cost difference of the higher offset is projected to be \$432,960 in reduced cost for the State. The Department indicated it is neutral on this change. **Staff is making the Committee aware of this adjustment in case the Committee prefers to use an offset for the hospital-based schools that is the same as for other schools (\$55 instead of \$75).**

## BACKGROUND AND BILL DESCRIPTION

### BACKGROUND – FACILITY SCHOOLS

The facility school system was authorized by the General Assembly to ensure that students receiving publicly-funded educational services in various types of specialized institutions such as hospitals and therapeutic residential facilities receive appropriate educational services. The system oversees services for children who receive their education through schools operated by community-based facilities or state-operated programs.<sup>1</sup> In 2008, the General Assembly modified the method of funding facility schools and certain state programs by:

- Removing pupils educated by facility schools from districts' pupil enrollment counts for purposes of funding.<sup>2</sup>
- Requiring facility schools and state programs to report information directly to the Department's Facility Schools Unit concerning individual students, including the student's district of residence and the actual number of days of attendance each month.
- Allowing facility schools to bill the Department for statewide average per pupil revenues times 1.33, and allowing facility schools to bill for an additional one-third of per pupil revenue to support Summer school programs. In 2013, the General Assembly modified this provision to provide statewide base per pupil funding times 1.73 in an effort to increase funding for facility schools.

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<sup>1</sup> Pursuant to Section 22-54-129 (1) (f), C.R.S., "state programs" include the Colorado School for the Deaf and the Blind and the education programs operated by the Colorado Mental Health Institutes at Pueblo and Fort Logan. Because the State has closed the facility at Fort Logan, the School for the Deaf and the Blind and the Colorado Mental Health Institute at Pueblo are the only remaining state programs.

<sup>2</sup> Districts continue to include students who reside in a facility or group home and attend a district school in their October count for purposes of funding. Further, students in "out-of-district" placements who attend public school are included in the pupil count of the district of attendance.

The General Assembly also created a Facility Schools Board to adopt curriculum standards, accountability measures, and graduation requirements for facility schools. This act also created the Facility Schools Unit within the Department of Education charged with:

- Developing and maintaining a list of approved facility schools.
- Making recommendations concerning curriculum standards and graduation standards.
- Maintaining information and records for students who receive educational services from approved facility schools.
- Communicating and collaborating with the Department of Human Services, county departments of social services, and other agencies regarding the placement and transfer of students in facilities.

The Facility Schools Funding line item provides funding for the Department to make payments to facility schools as required by Section 22-54-129, C.R.S. Under current law, as adjusted by S.B. 13-260, facility schools receive statewide *base* per pupil funding amount times 1.73; this amount is translated into a daily rate, and each facility school receives a daily rate for each child in attendance for up to 235 days each school year.

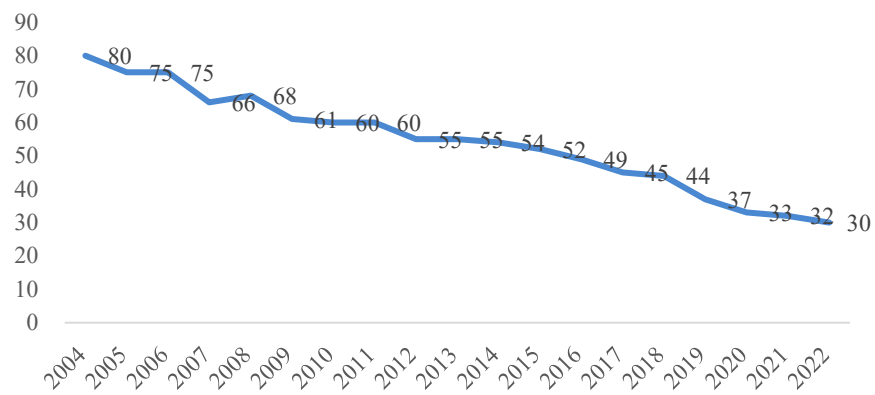
Base per pupil funding has been calculated to be \$8,076 for FY 2023-24 (an 8.0 percent increase over FY 2022-23). Multiplied by 1.73, per pupil funding for facility school students will be \$13,972 per pupil in FY 2023-24. Under current law (Section 22-2-408(2), C.R.S.), funding for the Facility Schools Unit and Board is based on 2.0 percent of the amount payable to each approved facility school.

#### **S.B. 21-274, WORK GROUP, AND FY 2021-22 AND FY 2022-23 SUPPLEMENTAL FUNDS**

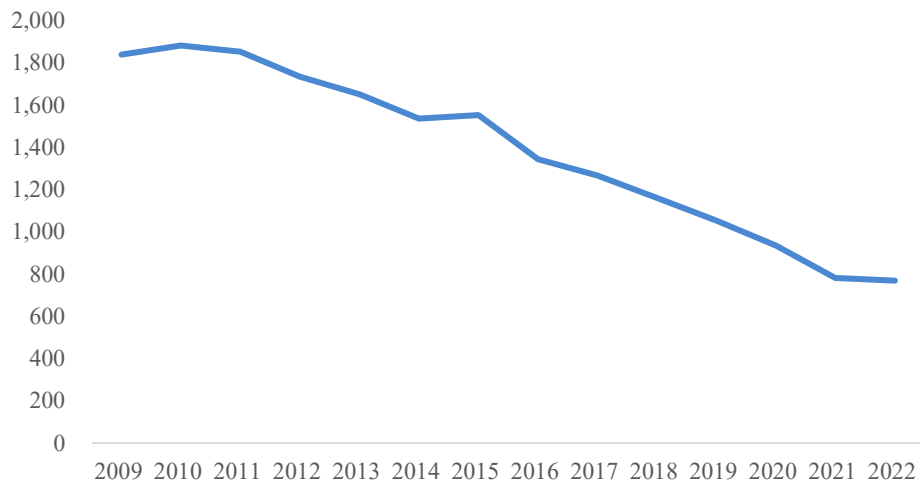
The Joint Budget Committee sponsored S.B. 21-274 (Sustainable Model to Serve Facility School Students) to help address the rapid closure of facility schools that serve students in hospitals, residential child care placements and other day- and overnight placements that serve children and youth with high needs. The bill incorporated a one-time supplemental payment of \$5,700,000 General Fund for facility schools in FY 2021-22 and also provided \$500,000 General Fund for a Facility School Work Group to study and propose changes for a sustainable funding model. The Facility School Work Group was required to submit a written report to the Joint Budget Committee by November 1, 2022, with a new facility school funding model anticipated to be implemented July 1, 2023.

Senate Bill 21-274 did not address what would happen in FY 2022-23 before the new model was implemented. Therefore, during the 2022 legislative session, the General Assembly adopted additional supplemental budget provisions enabling Work Group funding to roll forward into FY 2022-23. The JBC also sponsored H.B. 22-1331 (Supplemental Funding for Facility Schools), which provided additional one-time supplemental payments totaling \$5,134,000 from the State Education Fund for distribution to facility schools in FY 2022-23.

### FACILITY SCHOOLS



### Facility School Enrollment

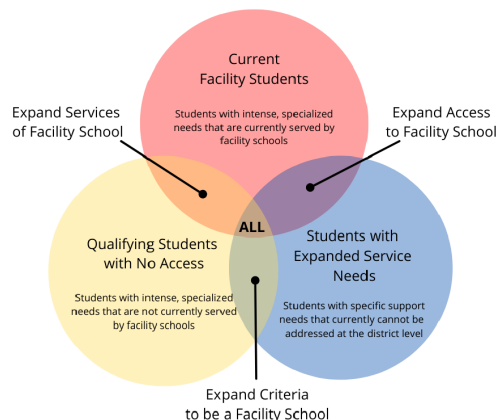


### S.B. 21-274 WORK GROUP RECOMMENDATIONS AND BILL DRAFT

The Facility School Work Group submitted its report as required on November 1, 2022.<sup>3</sup> Staff included a detailed description of the report findings and additional follow-up information collected by staff as part of the Staff Budget Briefing document.<sup>4</sup> Based on the budget briefing, the Committee authorized staff to begin work on a bill draft to implement the recommendations of the Work Group.

**The final bill draft for introduction has been distributed under separate cover.** A version of the bill that was similar, but not quite final, was distributed on February 23, 2023, as part of Staff's figure setting packet. The JBC has indicated that it would like this bill to travel with the Long Bill.

*Work Group:* The Work Group included active representation from school districts, facility schools, state departments, and parent advocates, and appears to have worked effectively as a group. As anticipated by the S.B. 21-274 legislation, the Work Group focused not only on the financial needs of current facility schools but also on the needs of the *types* of students typically served in facility schools. As referenced in the attached bill, these are **students with exceptionally severe or specialized needs who represent a small fraction of the broader population of students with disabilities.** Current facility school enrollment is under 1,000 students, and staff assumes that numbers will remain small, even if facility school enrollment rebounds and other services expand for this student population (the central goal of this bill).



The bill addresses all of the key recommendations of the workgroup, with some additions and modifications to the details based on initial stakeholder and JBC Staff input.

The bill includes the following provisions:

- **Creates the *specialized day school* as a type of approved facility school.** Requires the Facility Schools Board in the Department of Education to promulgate rules for authorizing specialized day schools as facility schools by July 1, 2024.

<sup>3</sup> <http://www.cde.state.co.us/facilityschools/facility-schools-model-workgroup-4>

<sup>4</sup> [https://leg.colorado.gov/sites/default/files/fy2023-24\\_edubr1.pdf](https://leg.colorado.gov/sites/default/files/fy2023-24_edubr1.pdf)

*Explanation:* Currently, facilities must be licensed by the Department of Human Services (for residential and day treatment programs) or the Department of Public Health and Environment (for hospitals) before they can seek and receive approval to become a facility school. This new category of facility school can be authorized by the Department of Education without prior licensing by another agencies. The bill specifies that the Facility Schools Board may enter into interagency agreements with other departments and agencies to implement related provisions so that the Department of Education benefits from other agencies' expertise in areas such as health and safety inspections.

- **Requires the Departments of Education, Human Services, Health Care Policy and Financing, and Public Health and Environment to collaborate to create an interagency resource guide** to provide assistance to facilities that are pursuing licensing to operate as an approved school. **Requires state agencies to identify and recommend legislation and changes to rules and administrative processes** to facilitate licensing and approval processes.

*Explanation:* The Work Group identified that complex and sometimes conflicting requirements from multiple state agencies can create obstacles to the creation of facility schools. Some facilities are being licensed or funded by one state department but have not completed approvals through another because of these administrative challenges. One school described to JBC Staff how changes to doors that were required by one agency were identified as unacceptable by another agency. Several facilities that are licensed to provide day treatment by the Department of Human Services and are serving students with the highest needs have not become facility schools because they view the facility school process as daunting, and school districts will place with them (and pay high prices) without this.

- **Requires the State Board of Education to begin accrediting facility schools by December 1, 2026, based on the recommendations of the Facility Schools Board.** Schools have one year from approval as a facility school to become accredited. Beginning October 1, 2026, requires the Office of Facility Schools and the Facility Schools Board to create and publish an accreditation outcome report for each approved facility school as part of the process to determine whether an approved facility school becomes and remains accredited.

*Explanation:* Current law requires the Facility Schools Board to adopt accountability measures for facility schools. The bill expands this oversight role to accreditation. It also requires additional public reporting on school outcomes. However, to recognize the wide range of facility school students' needs and abilities, the bill also modifies requirements for student assessments and curriculum adopted by the Board to encompass alternate assessments and a variety of instructional methods and strategies to meet all student needs.

- Creates the **Shared Operational Services Grant Program for FY 2023-24 and FY 2024-25.** This is a two-year grant program to support an eligible applicant in providing shared operational services for facility schools, such as food services, janitorial, shared office spaces, billing and other "back end" services.



*Explanation:* The grant program is intended to be a one-time proof-of-concept test to see if facility schools can achieve efficiencies by collaborating on back-end services, thereby lowering operational costs.

- Creates the **Technical Assistance Center in the Office of Facility Schools** to provide technical assistance support to school districts and related administrative units, with priority to serve rural and remote school districts and related administrative units.

*Explanation:* Many students and school districts do not have effective access to facility schools, which are clustered in urban areas, and the small number of placements available mean that many school districts and special education administrative units are not able to access these services for students who need them. Given this, the Work Group recommended creation of a Technical Assistance Center intended to assist school districts and BOCES that are serving students with exceptionally severe or specialized needs. During the first year, a new 1.0 FTE position will focus on assessing needs. In subsequent years, the Center will add staff and contract for services as needed. One option that has been discussed is that existing facility schools may be able to provide related consulting services.

- **Extends and adds responsibilities for the Facility School Work Group to monitor implementation** of changes to the facility school system. Modifies Work Group membership to include parents and guardians and schools that are not currently approved facility schools. **Adds a requirement to contract for a third-party program evaluation through the Office of Facility Schools.**

*Explanation:* The Facility School Work Group has been a highly effective stakeholder group for identifying the changes that are needed to improve the system of services for students with exceptionally severe and specialized needs. It has recommended that the Work Group continue to operate in the near-term to monitor the impact of system changes.

- **Requires the Department of Health Care Policy and Financing to recommend a plan to ensure approved schools may use Medicaid reimbursement funding for therapeutic services to the maximum extent feasible.** The agency is required to consult with the Work Group about this.

*Explanation:* S.B. 21-274 requested further analysis of funding sources available for facility schools, but the Work Group's report did not tackle Medicaid billing, which is a potentially important source of funding for therapeutic services. Due to the complexity of this topic. The Department of Health Care Policy and Financing has indicated that it can take the lead on investigating the issue.

- **Creates a new baseline funding model for facility schools effective FY 2023-24.**

*Explanation:* This provision focused on providing a stable revenue stream that will enable small schools to maintain operations even when student numbers fluctuate. **Average funding under this new model is expected to triple compared to amounts authorized under current law and will increase by approximately 75.0 percent when compared to the funding provided**

**in the last two years**, which included both current law (per pupil rates) and state supplementary funding. While the funding per school will vary, total funding per student FTE, including funding from state support, district special education, and insurance revenue (for hospitals) would average \$46,125, of which the State is expected to cover approximately \$28,000 per student FTE.

- **Makes changes to the structure for funding Department administration for facility schools**

Under current law, administration for the Department is tied to 2.0 percent of state expenditures for facility schools. As modified in this bill, administration amounts are simply established by appropriation. The bill also includes a change to the restriction on administration funding for FY 2022-23. Because of the decline in facility school enrollment and expenditures, the bill allows administration to be based on up to 4.0 percent of expenditures for facility schools for FY 2022-23 only.