A BILL FOR AN ACT

CONCERNING THE FINANCING OF PUBLIC SCHOOLS.

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.)

The bill:

- Increases the statewide base per pupil funding for the 2024-25 budget year by $419.97 to account for inflation;
- Sets a new statewide base per funding amount of $8,496.38 for the 2024-25 budget year; and
- Sets the total program funding for the 2024-25 budget year for all school districts and institute charter schools to not less than $9,735,767,429.
The bill repeals the total program reserve fund on July 1, 2025. The bill adds rural funding to the district's total program formula to provide additional funding to small rural districts or large rural districts.

The bill requires the state treasurer to transfer $15,715,539 from the state education fund to the mill levy override match fund.

Current law requires a new at-risk measure in the public school funding formula to be implemented in the 2024-25 budget year. The bill extends the implementation of this requirement to the 2025-26 budget year.

For the 2024-25 budget year, a school district's at-risk funding is the greater of the school district's at-risk funding amount for the 2023-24 budget year or the 2024-25 budget year.

Current law requires a qualified third-party evaluator (evaluator) who facilitates a facility school work group (work group) to submit a report to the work group and the office of facility schools by September 1, 2025. The department of education (department) is required to submit the evaluator's report to the joint budget committee by October 1, 2025. The bill extends the report deadlines to September 1, 2026, and October 1, 2026, respectively.

The bill requires school districts, a district charter school, an institute charter school, or a board of cooperative services to offer the writing portion of a college entrance exam to students digitally.

Current law requires a school district to receive the daily rate for education services provided by approved facility schools for a juvenile who is held in a jail or facility and receives at least 4 hours of educational services per week from the school district. The bill changes the daily rate to the rate for educational services provided by the Colorado school for the deaf and the blind or the education program operated by the Colorado mental health institute at Pueblo or Fort Logan.

The bill increases the cap on how much can be spent on administration for the ninth-grade success grant program from 5% to 8%.

The bill clarifies that a student with disabilities (student) who receives transition services and has postsecondary goals outlined in the student's individualized education program is eligible for concurrent enrollment courses.

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1 Be it enacted by the General Assembly of the State of Colorado:
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3 SECTION 1. Legislative declaration. (1) The general assembly finds and declares that:
4 (a) The annual total program funding of Colorado's schools is a
collaborative effort between school districts and the state;

(b) In recent years, the stabilization of the state budget has required a reduction in the amount of the annual appropriation to fund the state's share of total program funding for all school districts and institute charter schools. This reduction is commonly referred to as the "budget stabilization factor".

(c) The school districts' share of total program funding is primarily derived from nonresidential and residential property tax revenue;

(d) Colorado's current economic conditions are mixed. There are significant increases in property values, generally increasing the school districts' share of total program funding and consequently decreasing the state's share of total program funding.

(e) The current economic conditions have also increased the amount of revenue available to the state for the 2024-25 budget year, allowing the state to significantly increase the amount of appropriation for the state's share of total program funding for school districts and institute charter schools, thereby eliminating the budget stabilization factor; and

(f) There is, however, a great deal of uncertainty concerning the continuity and longevity of these current economic conditions and whether high property values and increased revenue will continue.

(2) Therefore, the general assembly declares its commitment to eliminating the budget stabilization factor in this year and subsequent years to the degree possible, subject to the continuing high levels of property values and changing economic conditions.

SECTION 2. In Colorado Revised Statutes, 22-45-103, add (1)(k)(III) as follows:
22-45-103. Funds. (1) The following funds are created for each school district for purposes specified in this article 45.

(k) Total program reserve fund - repeal. (III) This section is repealed, effective July 1, 2025.

SECTION 3. In Colorado Revised Statutes, 22-54-103, add (5.7), (8.3), and (10.7) as follows:

22-54-103. Definitions. As used in this article 54, unless the context otherwise requires:

(5.7) "DISTRICT RURAL FUNDING" MEANS A SMALL RURAL DISTRICT OR LARGE RURAL DISTRICT THAT RECEIVES FUNDING PURSUANT TO SECTION 22-54-104 (4.9).

(8.3) "LARGE RURAL DISTRICT" MEANS A DISTRICT THAT THE DEPARTMENT OF EDUCATION DETERMINES IS A RURAL DISTRICT, BASED ON THE GEOGRAPHIC SIZE OF THE DISTRICT AND THE DISTANCE OF THE DISTRICT FROM THE NEAREST LARGE, URBANIZED AREA, AND THAT HAS A FUNDED PUPIL COUNT OF AT LEAST ONE THOUSAND BUT FEWER THAN SIX THOUSAND FIVE HUNDRED PUPILS IN KINDERGARTEN THROUGH TWELFTH GRADE.

(10.7) "SMALL RURAL DISTRICT" MEANS A DISTRICT THAT THE DEPARTMENT OF EDUCATION DETERMINES IS A RURAL DISTRICT, BASED ON THE GEOGRAPHIC SIZE OF THE DISTRICT AND THE DISTANCE OF THE DISTRICT FROM THE NEAREST LARGE, URBANIZED AREA, AND THAT HAS A FUNDED PUPIL COUNT OF FEWER THAN ONE THOUSAND PUPILS IN KINDERGARTEN THROUGH TWELFTH GRADE.

SECTION 4. In Colorado Revised Statutes, 22-54-104, amend (2)(a)(X); and add (4.9), (5)(a)(XXXI), and (5.5) as follows:

22-54-104. District total program - definitions - repeal.
(2) (a) (X) Except as otherwise provided in this subsection (2) subsection (5)(g) of this section, or section 22-54-104.3, a district's total program for the 2021-22 budget year and budget years thereafter is the greater of the following:

(A) (District per pupil funding x (District funded pupil count - District online pupil enrollment - District extended high school pupil enrollment)) + District at-risk funding + District English language learner funding + District online funding + District extended high school funding + DISTRICT RURAL FUNDING; or

(B) (Minimum per pupil funding x (District funded pupil count - District online pupil enrollment - District extended high school pupil enrollment)) + District online funding + District extended high school funding + DISTRICT RURAL FUNDING.

(4.9) (a) For the 2024-25 budget year and budget years thereafter, a district's district rural funding, if a district is eligible, is determined in accordance with the following formulas:

(I) For a small rural district, district rural funding is the greater of:

(A) (District funded pupil count x $470.75); or

(B) One hundred thousand dollars; or

(II) For a large rural district, district rural funding is the greater of:

(A) (District funded pupil count x $177.80); or

(B) One hundred thousand dollars.

(b) For the 2025-26 budget year and budget years thereafter, the dollar amounts set forth in subsection (4.9)(a)
OF THIS SECTION ARE ANNUALLY INCREASED BY THE RATE OF INFLATION, AS DEFINED IN SECTION 22-55-102.

(5) For purposes of the formulas used in this section:

(a) (XXXI) FOR THE 2024-25 BUDGET YEAR, THE STATEWIDE BASE PER PUPIL FUNDING IS $8,496.38, WHICH IS AN AMOUNT EQUAL TO $8,076.41, SUPPLEMENTED BY $419.97 TO ACCOUNT FOR INFLATION.

(5.5) FOR THE 2024-25 BUDGET YEAR, AND EACH BUDGET YEAR THEREAFTER, THE DEPARTMENT OF EDUCATION AND THE STAFF OF THE LEGISLATIVE COUNCIL SHALL DETERMINE, BASED ON BUDGET PROJECTIONS, THE AMOUNT TO ENSURE THAT, FOR THE 2024-25 BUDGET YEAR, THE SUM OF TOTAL PROGRAM FUNDING FOR ALL DISTRICTS, INCLUDING FUNDING FOR INSTITUTE CHARTER SCHOOLS, IS NOT LESS THAN NINE BILLION SEVEN HUNDRED THIRTY-FIVE MILLION SEVEN HUNDRED SIXTY-SEVEN THOUSAND FOUR HUNDRED TWENTY-NINE DOLLARS ($9,735,767,429); EXCEPT THAT THE DEPARTMENT OF EDUCATION AND THE STAFF OF THE LEGISLATIVE COUNCIL SHALL MAKE MID-YEAR REVISIONS TO REPLACE PROJECTIONS WITH ACTUAL FIGURES, INCLUDING, BUT NOT LIMITED TO, ACTUAL PUPIL ENROLLMENT, ASSESSED VALUATIONS, AND SPECIFIC OWNERSHIP TAX REVENUE FROM THE PRIOR YEAR, TO DETERMINE ANY NECESSARY CHANGES IN THE AMOUNT OF THE REDUCTION TO MAINTAIN TOTAL PROGRAM FUNDING FOR THE APPLICABLE BUDGET YEAR THAT IS CONSISTENT WITH THIS SUBSECTION (5.5).

SECTION 5. In Colorado Revised Statutes, 22-54-104.6, amend (3) introductory portion as follows:

22-54-104.6. Implementation of at-risk measure - working group - creation - department duties - reports - legislative declaration - definitions - repeal. (3) Beginning in the 2024-25 budget year 2025-26
BUDGET YEAR, there is created a new at-risk measure in the public school funding formula for identifying students who are at risk of below-average academic outcomes because of socioeconomic disadvantage or poverty. The new at-risk measure replaces the at-risk measure in effect for the 2023-24 budget year through the 2024-25 budget year. The new at-risk measure is designed to allocate financial resources to public schools to serve the needs of at-risk students. The new at-risk measure includes:

SECTION 6. In Colorado Revised Statutes, 22-54-107, amend (5) as follows:

22-54-107. Buy-out of categorical programs - total program reserve fund levy. (5) For the 2016-17 budget year and each budget year thereafter through the 2024-25 budget year, if a district levies the number of mills calculated pursuant to section 22-54-106 (2)(a)(II), (2.1)(b)(I)(C), or (2.1)(c)(I), whichever is applicable, and the additional mill levy described in subsection (1) of this section for categorical support funds, and the combined total of the two levies is less than the number of mills that the district levied in the preceding budget year, the district, in addition to the two levies, shall assess a number of mills equal to the difference between the combined total of the two levies and the number of mills levied in the preceding budget year. The district shall deposit the property tax revenue collected from the mills levied pursuant to this subsection (5) in the total program reserve fund created in section 22-45-103 (1)(k).

SECTION 7. In Colorado Revised Statutes, 22-54-107.9, amend (1)(I) and (3)(b)(II); and add (7)(a.5) as follows:

(1) As used in this section, unless the context otherwise requires:

   (l) "Total program" means the amount of total program funding for a district calculated pursuant to section 22-54-104 (2) before application of the budget stabilization factor:

   (3) (b) If more than ten percent of a district's funded pupil count for the applicable budget year is attributable to the district's online pupil enrollment, the department shall calculate the district's adjusted total program as follows:

       (II) The department shall subtract from the district's total program for the applicable budget year an amount equal to the district's reduced online pupil enrollment, calculated pursuant to subsection (3)(b)(I) of this section, multiplied by the per pupil online funding amount for the applicable budget year as described in section 22-54-104 (4.5)(c)(II) before application of the budget stabilization factor.

   (7) (a.5) On July 1, 2024, the State Treasurer shall transfer fifteen million seven hundred fifteen thousand five hundred thirty-nine dollars ($15,715,539) from the State Education Fund to the Mill Levy Override Match Fund.

SECTION 8. In Colorado Revised Statutes, 22-54-108, amend (5)(b) as follows:

22-54-108. Authorization of additional local revenues - definitions. (5) As used in this section, unless the context otherwise requires:

   (b) "Total program", on and after July 1, 2023, means a district's or small rural district's total program calculated pursuant to section 22-54-104 (2) before application of the budget stabilization factor pursuant to section 22-54-104 (5)(g), plus the amount the district or small
rural district receives for students enrolled through the Colorado universal
preschool program pursuant to part 2 of article 4 of title 26.5.

SECTION 9. In Colorado Revised Statutes, 22-54-117, amend
(1)(a) introductory portion and (1)(a)(VIII) as follows:

22-54-117. Contingency reserve - fund - repeal. (1) (a) For the
2007-08 fiscal year and fiscal years thereafter, the general assembly shall
annually determine the amount to appropriate to the contingency reserve
fund, which is hereby created in the state treasury. In deciding the amount
to appropriate to the contingency reserve fund, the general assembly may
take into consideration any recommendations made by the department of
education, but nothing in this section obligates the general assembly to
provide supplemental assistance to all districts that are found to be in
need or to fully fund the total amount of such need. The state board may
approve and order payments from the contingency reserve fund for
supplemental assistance to districts determined to be in need as the result
of any or all of the following circumstances:

(VIII) (A) Commencing with the 2016-17 budget year, unusual
financial burden caused by a significant reduction in the assessed value
of real property in a district whose state share of total program funding
pursuant to section 22-54-106 before the application of the budget
stabilization factor pursuant to section 22-54-104 (5)(g) was less than
one-half of one percent of the district's total program funding in the
previous budget year, causing the district to receive a state share that is
one-half of one percent of total program funding or greater before
application of the budget stabilization factor in the budget year in which
the assessed value is reduced. The amount of supplemental assistance
paid pursuant to this subsection (1)(a)(VIII) shall not exceed twenty-five
percent of the amount of the reduction in the district's state share as a
result of the budget stabilization factor. A school district may receive
supplemental assistance pursuant to this subsection (1)(a)(VIII) only one
time.

(B) THIS SUBSECTION (1)(a)(VIII) IS REPEALED, EFFECTIVE JULY
1, 2025.

SECTION 10. In Colorado Revised Statutes, 22-54-146, amend
(1) and (2) as follows:

22-54-146. Hold-harmless at-risk funding - 2023-24 and
2024-25 budget years - repeal. (1) (a) For the 2023-24 budget year, a
district's at-risk funding, as determined pursuant to section 22-54-104 (4),
is the greater of the district's at-risk funding amount for the 2022-23
budget year or the district's at-risk funding amount for the 2023-24 budget
year.

(b) For the 2024-25 budget year, a district's at-risk funding, as determined pursuant to section 22-54-104 (4), is the
greater of the district's at-risk funding amount for the 2023-24
budget year or the district's at-risk funding amount for the 2024-25 budget
year.

(2) (a) If, pursuant to subsection (1) (a) of this
section, a district's at-risk funding amount for the 2022-23 budget year
was greater than the district's at-risk funding amount for the 2023-24
budget year, any additional amount owed to that district for at-risk
funding for the 2023-24 budget year must be paid after mid-year revisions
are made to replace projections with actual figures.

(b) If, pursuant to subsection (1) (b) of this section, a
district's at-risk funding amount for the 2023-24 budget year
WAS GREATER THAN THE DISTRICT'S AT-RISK FUNDING AMOUNT FOR THE 2024-25 BUDGET YEAR, ANY ADDITIONAL AMOUNT OWED TO THAT DISTRICT FOR AT-RISK FUNDING FOR THE 2024-25 BUDGET YEAR MUST BE PAID AFTER MID-YEAR REVISIONS ARE MADE TO REPLACE PROJECTIONS WITH ACTUAL FIGURES.

SECTION 11. In Colorado Revised Statutes, 22-2-405, amend (4)(b) as follows:

22-2-405. Facility schools office - duties. (4) (b) On or before September 1, 2026, the qualified third-party evaluator shall submit a report to the work group and the office summarizing the measures and recommendations described in subsection (4)(a) of this section. The report must be included in the report required pursuant to section 22-2-407.5 (4)(e).

SECTION 12. In Colorado Revised Statutes, 22-2-407.5, amend (4)(e)(IV) as follows:

22-2-407.5. Facility schools - sustainable model of education for facility students - work group - created - membership - duties - reporting requirements - funding. (4) (e) (IV) As part of the report required pursuant to subsection (4)(e)(I) of this section, the department shall include the report summarizing the evaluation measures and recommendations described in section 22-2-405 (4).

SECTION 13. In Colorado Revised Statutes, 22-7-1006.3, amend (2)(b) as follows:

22-7-1006.3. State assessments - administration - rules. (2) (b) The department of education shall select and the state shall pay the costs of administering an assessment that is administered throughout
the United States and relied upon by institutions of higher education, referred to in this section as the "curriculum-based, achievement college entrance exam". Every five years, the department shall request competitive bids and contract for the curriculum-based, achievement college entrance exam. At a minimum, the curriculum-based, achievement college entrance exam must test in the areas of reading, writing, mathematics, and science. Each local education provider shall administer the curriculum-based achievement college entrance exam for students enrolled in eleventh grade. The local education provider shall administer the DIGITAL writing portion of the curriculum-based achievement college entrance exam to each student who requests the opportunity to take the writing portion. The department shall pay the costs of administering the DIGITAL writing portion of the exam.

SECTION 14. In Colorado Revised Statutes, 22-32-141, amend (4)(d)(I) and (4)(d)(III) as follows:

22-32-141. Student awaiting trial as adult - educational services - definitions. (4) (d) (I) In addition to any moneys received pursuant to paragraph (a), (b), or (c) of this subsection (4) SUBSECTION (4)(a), (4)(b), OR (4)(c) OF THIS SECTION, a school district that provides educational services pursuant to this section shall receive from the department of education an amount equal to the daily rate established pursuant to section 22-54-129 for educational services provided by approved facility schools STATE PROGRAMS, AS DEFINED IN SECTION 22-54-129, multiplied by the number of days, excluding Saturdays and Sundays, that the juvenile is held in a jail or facility, so long as IF the juvenile is receiving at least four hours of educational services per week.
(III) On or before the fifteenth day of the month following the month in which a jail or facility reported the number of juveniles who received educational services at the jail or facility, the department of education shall pay the school district that provided the educational services the appropriate amount based on the daily rate established for approved facility schools and the number of juveniles who received educational services.

SECTION 15. In Colorado Revised Statutes, 22-14-109.5, amend (4)(d) as follows:

22-14-109.5. Ninth-grade success grant program - created - criteria - use of grant money - report - rules - definitions - repeal. (4)(d) The department shall not use more than five EIGHT percent of state funds to administer the grant program.

SECTION 16. In Colorado Revised Statutes, 22-35-103, amend (6)(a) as follows:

22-35-103. Definitions. As used in this article 35, unless the context otherwise requires:

(6)(a) "Concurrent enrollment" means the simultaneous enrollment of a qualified student in a local education provider and in one or more postsecondary courses, including academic or career and technical education courses, which may include coursework related to apprenticeship programs or internship programs, at an institution of higher education pursuant to the provisions of this article 35, at no tuition cost to the qualified student or the qualified student's parent or legal guardian. As provided in section 22-35-104(5) and (6)(b)(II), upon successfully completing a concurrent enrollment postsecondary course, the qualified student must receive credit that
applies to completion of high school graduation requirements and postsecondary credit that applies toward completion of developmental education courses, applies toward earning a certificate or degree awarded through an approved postsecondary career and technical education program, is approved by the department of higher education for transfer from a two-year institution to a four-year institution in satisfaction of prerequisite courses for a specific major, is approved for statewide transfer pursuant to section 23-1-125, or is part of a statewide degree transfer agreement pursuant to section 23-1-108 (7)(a).

SECTION 17. In Colorado Revised Statutes, 22-35-104, amend (3) and (5) as follows:

22-35-104. Enrollment in an institution of higher education - cooperative agreement. (3) A qualified student who seeks to concurrently enroll in an institution of higher education shall establish, in consultation with the administration of his or her local education provider, an academic plan of study that describes all of the courses that the qualified student intends to complete to satisfy his or her remaining requirements for graduation from the local education provider, or for a qualified student who receives transition services, an academic plan of study that describes all of the courses that the qualified student intends to complete to satisfy the qualified student’s remaining postsecondary goals outlined in the qualified student’s individualized education program. Prior to the qualified student's concurrent enrollment in the institution of higher education, the principal, a counselor, or a teacher advisor of the qualified student's local education provider shall approve the academic plan of study. In approving
an academic plan of study, a principal, counselor, or teacher advisor shall apply the guidelines established by rules promulgated by the state board pursuant to section 22-35-111 (1)(b).

(5) (a) A course, including course work related to an apprenticeship program or internship program successfully completed by a qualified student that a qualified student successfully completes through concurrent enrollment at an institution of higher education counts for credit toward the qualified student's high school graduation requirements at his or her local education provider; except that a qualified student who receives transition services and who successfully completes a course must earn credit towards the postsecondary goals identified in the qualified student's individualized education program.

(b) Upon a qualified student's successful completion of a concurrent enrollment course, the qualified student must receive credit that applies to the completion of high school graduation requirements, or a qualified student who receives transition services must earn credit that is applied to the postsecondary goals identified in the qualified student's individualized education plan. Upon completion of the concurrent enrollment course, the qualified student must earn postsecondary credit as described in subsection (6)(b)(II) of this section that applies toward completion of developmental courses or toward earning a certificate or degree through an approved postsecondary career and technical education program, that is approved by the department of higher education for transfer from a two-year institution to a four-year
INSTITUTION IN SATISFACTION OF PREREQUISITE COURSES FOR A SPECIFIC MAJOR, IS APPROVED FOR STATEWIDE TRANSFER PURSUANT TO SECTION 23-1-125, OR IS APPROVED AS PART OF A STATEWIDE DEGREE TRANSFER AGREEMENT PURSUANT TO SECTION 23-1-108 (7)(a).

SECTION 18. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.