

CHAPTER 150

EDUCATION - PUBLIC SCHOOLS

HOUSE BILL 97-1249

BY REPRESENTATIVES Anderson, Allen, Dean, K. Alexander, Arrington, Entz, Kaufman, Keller, Reeser, Schwarz, Swenson, Tool, and S. Williams;
also SENATORS Wells, B. Alexander, Ament, Dennis, Matsunaka, Perlmutter, and Rizzuto.

AN ACT

CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

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

SECTION 1. 22-54-104 (5) (a), Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

22-54-104. District total program. (5) For purposes of the formulas used in this section:

(a) (IV) FOR THE 1997-98 BUDGET YEAR, THE STATEWIDE BASE PER PUPIL FUNDING SHALL BE \$3,568 SUPPLEMENTED BY \$99 TO ACCOUNT FOR INFLATION.

SECTION 2. 22-54-104 (2) (a) (IV), Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended to read:

22-54-104. District total program. (2) (a) (IV) (A) For the 1997-98 budget year, ~~and budget years thereafter, the amount set forth in sub-subparagraph (B) of subparagraph (III) of this paragraph (a) shall be increased at a minimum by an amount equal to eighty-five percent of the percentage by which statewide base per pupil funding for the budget year is increased over the amount set forth in subparagraph (III) of paragraph (a) of subsection (5) of this section. Such amount shall be rounded to the nearest dollar.~~ THE DOLLAR AMOUNT USED IN THE FORMULA ESTABLISHED BY SUBPARAGRAPH (III) OF THIS PARAGRAPH (a) SHALL BE INCREASED BY THE DIFFERENCE BETWEEN THE DISTRICT'S PER PUPIL FUNDING FOR THE 1997-98 BUDGET YEAR AND THE DISTRICT'S PER PUPIL FUNDING FOR THE 1996-97 BUDGET YEAR.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(B) FOR THE 1998-99 BUDGET YEAR AND BUDGET YEARS THEREAFTER, THE DOLLAR AMOUNT TO BE USED IN THE FORMULA ESTABLISHED BY SUBPARAGRAPH (III) OF THIS PARAGRAPH (a) SHALL BE INCREASED OVER THE DOLLAR AMOUNT CALCULATED FOR THE IMMEDIATELY PRECEDING BUDGET YEAR FOR EACH DISTRICT BY THE DIFFERENCE BETWEEN THE DISTRICT'S PER PUPIL FUNDING FOR THE APPLICABLE BUDGET YEAR AND THE DISTRICT'S PER PUPIL FUNDING FOR THE IMMEDIATELY PRECEDING BUDGET YEAR.

(C) THE PROVISIONS OF THIS SUBPARAGRAPH (IV) SHALL ONLY APPLY TO THOSE DISTRICTS WHOSE TOTAL PROGRAM FOR THE 1996-97 BUDGET YEAR WAS CALCULATED PURSUANT TO SUB-SUBPARAGRAPH (B) OF SUBPARAGRAPH (III) OF THIS PARAGRAPH (a).

(D) FOR PURPOSES OF THIS SUBPARAGRAPH (IV), A DISTRICT'S "PER PUPIL FUNDING" SHALL BE THE DISTRICT'S TOTAL PROGRAM FOR THE APPLICABLE BUDGET YEAR, AS CALCULATED PURSUANT TO SUB-SUBPARAGRAPH (A) OF SUBPARAGRAPH (III) OF THIS PARAGRAPH (a), DIVIDED BY THE DISTRICT'S FUNDED PUPIL COUNT FOR SUCH BUDGET YEAR.

SECTION 3. The introductory portion to 22-54-104 (2) (b) and 22-54-104 (2) (b) (II) (A), (4), and (5) (f), Colorado Revised Statutes, 1995 Repl. Vol., are amended to read:

22-54-104. District total program. (2) (b) If the district percentage of at-risk pupils is greater than the statewide average percentage of at-risk pupils and the district's funded pupil count is greater than four hundred fifty-nine AND THE DISTRICT'S SIZE FACTOR IS CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF PARAGRAPH (b) OF SUBSECTION (5) OF THIS SECTION, the district's total program shall be the lesser of:

(II) (A) The district's total program as calculated by: Adding the amount determined by multiplying the district's per pupil funding by four hundred fifty-nine to the amount determined by multiplying ~~44%~~ 11.5% of the district's per pupil funding by the district's at-risk pupils; then dividing the sum of those two amounts by four hundred fifty-nine; and then multiplying the resulting amount by the district's funded pupil count.

(4) A district's at-risk funding shall be determined in accordance with one of the following formulas:

(a) If the district percentage of at-risk pupils is equal to or less than the statewide average percentage of at-risk pupils or the district's funded pupil count is equal to or less than four hundred fifty-nine, the formula shall be:

(District per pupil funding x ~~44%~~ 11.5%) x District at-risk pupils.

(b) If the district percentage of at-risk pupils is greater than the statewide average percentage of at-risk pupils and the district's funded pupil count is greater than four hundred fifty-nine, the formula shall be:

((District per pupil funding x ~~11%~~ 11.5%) x (Statewide average percentage of at-risk pupils x District pupil enrollment)) + ((District per pupil funding x District at-risk factor) x (District at-risk pupils - (Statewide average percentage of at-risk pupils x District pupil enrollment))).

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

(f) If the district percentage of at-risk pupils is greater than the statewide average percentage of at-risk pupils and the district's funded pupil count is greater than four hundred fifty-nine, the district's at-risk factor ~~for the 1994-95 budget year and budget years thereafter~~ shall be ~~11%~~ 11.5% plus a 0.30 percentage point for each percentage point that the district percentage of at-risk pupils exceeds the statewide average percentage of at-risk pupils; except that no district's at-risk factor shall exceed 30%.

SECTION 4. 22-54-105, Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-54-105. Instructional supplies and materials - capital reserve and insurance reserve - at-risk funding. (3) FOR THE 1997-98 BUDGET YEAR AND BUDGET YEARS THEREAFTER, EVERY DISTRICT THAT RECEIVES AT-RISK FUNDING PURSUANT TO THE PROVISIONS OF SECTION 22-54-104 SHALL EXPEND IN TOTAL AT LEAST SEVENTY-FIVE PERCENT OF THE DISTRICT'S AT-RISK FUNDING ON DIRECT INSTRUCTION OR STAFF DEVELOPMENT, OR BOTH, FOR THE EDUCATIONAL PROGRAM OF AT-RISK PUPILS IN THE DISTRICT.

SECTION 5. 22-54-104 (5) (b) (II) and (5) (b) (III), Colorado Revised Statutes, 1995 Repl. Vol., are amended to read:

22-54-104. District total program. (5) For purposes of the formulas used in this section:

(b) (II) ~~If any district with a funded pupil count of less than 12,000 reorganizes into two or more districts, each of the districts shall be allowed, for each budget year, the size factor the original district had prior to the reorganization and~~ IF THE REORGANIZATION OF ANY DISTRICT OR DISTRICTS RESULTS IN ANY DISTRICT INVOLVED IN THE REORGANIZATION HAVING A HIGHER SIZE FACTOR THAN THE ORIGINAL DISTRICT OR DISTRICTS HAD FOR THE BUDGET YEAR IMMEDIATELY PRECEDING REORGANIZATION, THE DISTRICTS INVOLVED IN THE REORGANIZATION SHALL BE ALLOWED, FOR EACH BUDGET YEAR, THE SIZE FACTOR THE ORIGINAL DISTRICT HAD PRIOR TO THE REORGANIZATION OR, IF TWO OR MORE DISTRICTS REORGANIZE INTO A SINGLE DISTRICT, THE SIZE FACTOR OF THE ORIGINAL DISTRICT WITH THE LOWEST SIZE FACTOR FOR THE BUDGET YEAR IMMEDIATELY PRECEDING REORGANIZATION. NO DISTRICT INVOLVED IN THE REORGANIZATION shall, ~~not~~, for any budget year, be allowed the size factor that would otherwise be provided by this paragraph (b).

(III) ~~If any district with a funded pupil count of more than 18,000 reorganizes into two or more districts, each of the districts shall be allowed, for the following two budget years, the size factor the original district had prior to the reorganization but shall, for budget years thereafter, be allowed the size factor that would otherwise be provided by this paragraph (b).~~ IF THE REORGANIZATION OF ANY DISTRICT OR DISTRICTS RESULTS IN ANY DISTRICT INVOLVED IN THE REORGANIZATION HAVING A

LOWER SIZE FACTOR THAN THE ORIGINAL DISTRICT OR DISTRICTS HAD FOR THE BUDGET YEAR IMMEDIATELY PRECEDING REORGANIZATION, THE NEW DISTRICT OR DISTRICTS SHALL BE ALLOWED A SIZE FACTOR DETERMINED AS FOLLOWS:

(A) FOR THE FIRST BUDGET YEAR FOLLOWING REORGANIZATION, THE SIZE FACTOR OF THE ORIGINAL DISTRICT FOR THE BUDGET YEAR IMMEDIATELY PRECEDING REORGANIZATION OR, IF TWO OR MORE DISTRICTS ARE INVOLVED IN THE REORGANIZATION, THE WEIGHTED AVERAGE SIZE FACTOR OF THE ORIGINAL DISTRICTS FOR THE BUDGET YEAR IMMEDIATELY PRECEDING REORGANIZATION. FOR PURPOSES OF THIS SUB-SUBPARAGRAPH (A), THE WEIGHTED AVERAGE SIZE FACTOR SHALL BE THE SUM OF THE AMOUNTS CALCULATED BY MULTIPLYING THE FUNDED PUPIL COUNTS OF THE ORIGINAL DISTRICTS BY THE SIZE FACTOR OF THE ORIGINAL DISTRICTS AND DIVIDING THAT SUM BY THE TOTAL FUNDED PUPIL COUNT OF THE ORIGINAL DISTRICTS.

(B) FOR THE SECOND BUDGET YEAR FOLLOWING REORGANIZATION, THE SIZE FACTOR FOR THE PRIOR BUDGET YEAR MINUS AN AMOUNT EQUAL TO ONE-FIFTH OF THE DIFFERENCE BETWEEN THE SIZE FACTOR FOR THE PRIOR BUDGET YEAR AND THE SIZE FACTOR DETERMINED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (b);

(C) FOR THE THIRD BUDGET YEAR FOLLOWING REORGANIZATION, THE SIZE FACTOR FOR THE PRIOR BUDGET YEAR MINUS AN AMOUNT EQUAL TO ONE-FOURTH OF THE DIFFERENCE BETWEEN THE SIZE FACTOR FOR THE PRIOR BUDGET YEAR AND THE SIZE FACTOR DETERMINED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (b);

(D) FOR THE FOURTH BUDGET YEAR FOLLOWING REORGANIZATION, THE SIZE FACTOR FOR THE PRIOR BUDGET YEAR MINUS AN AMOUNT EQUAL TO ONE-THIRD OF THE DIFFERENCE BETWEEN THE SIZE FACTOR FOR THE PRIOR BUDGET YEAR AND THE SIZE FACTOR DETERMINED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (b);

(E) FOR THE FIFTH BUDGET YEAR FOLLOWING REORGANIZATION, THE SIZE FACTOR FOR THE PRIOR BUDGET YEAR MINUS AN AMOUNT EQUAL TO ONE-HALF OF THE DIFFERENCE BETWEEN THE SIZE FACTOR FOR THE PRIOR BUDGET YEAR AND THE SIZE FACTOR DETERMINED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (b);

(F) FOR THE SIXTH BUDGET YEAR FOLLOWING REORGANIZATION AND BUDGET YEARS THEREAFTER, THE SIZE FACTOR DETERMINED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (b).

SECTION 6. 22-54-106 (5), Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended to read:

22-54-106. Local and state shares of district total program. (5) Except as otherwise provided in sections 22-54-107 and 22-54-108, no district may certify a levy for its general fund in excess of that authorized by this section. ~~and the members of the board of education, the superintendent, and the chief financial officer of the district may be held personally liable to district taxpayers if they knowingly and willfully certify a levy in excess of the amount authorized by law.~~

SECTION 7. 22-54-115 (3), Colorado Revised Statutes, 1995 Repl. Vol., is amended to read:

22-54-115. Distribution from state public school fund. (3) No later than the twenty-fifth day of each month, the state treasurer shall pay the amount certified directly to the treasurer of each district OR, IN ACCORDANCE WITH WRITTEN INSTRUCTIONS FROM THE DISTRICT, DIRECTLY TO AN ACCOUNT DESIGNATED BY THE DISTRICT THAT ALLOWS THE DISTRICT TO RETAIN TITLE TO THE FUNDS.

SECTION 8. 22-54-103 (1) (b) (III), (1) (c), (7), (9), and (10) (a), Colorado Revised Statutes, 1995 Repl. Vol., as amended, are amended to read:

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

(1) (b) For purposes of this subsection (1):

(III) "District pupils eligible for free lunch" means the number of pupils included in the district pupil enrollment who are eligible for free lunch pursuant to the provisions of the federal "National School Lunch Act". ~~which were in effect on July 1, 1994.~~

(c) For purposes of this subsection (1), at-risk pupils shall be counted in the same manner as pupils are counted pursuant to subsection (10) of this section. ~~except that a school district may elect to count at-risk pupils on October 15 within the applicable budget year or the school day nearest said date.~~

(7) "Funded pupil count" means the greater of:

(a) The district's pupil enrollment for the applicable budget year; or

(b) The average of the district's pupil enrollment for the applicable budget year and the district's pupil enrollment for the TWO immediately preceding budget ~~year~~ YEARS.

(9) "Per pupil operating revenues" means the district's total program for any budget year divided by the district's funded pupil count for said budget year, minus the minimum amount per pupil required by section 22-54-105 to be transferred for the capital reserve fund ~~the insurance reserve fund~~; or any ~~other~~ fund OR ACCOUNT WITHIN THE GENERAL FUND ESTABLISHED SOLELY for the management of risk-related activities.

(10) (a) "Pupil enrollment" means the number of pupils enrolled on October 1 within the applicable budget year or the school day nearest said date, as evidenced by the actual attendance of such pupils prior to said date. The department of education is authorized to establish alternative dates for determining pupil enrollment in appropriate circumstances, including, but not limited to, when schools are on a year-round schedule pursuant to section 22-32-109 (1) (n) and pupils will be on authorized breaks on October 1 within the applicable budget year; except that such ~~alternate~~ ALTERNATIVE dates shall be set not ~~less~~ MORE than forty-five CALENDAR days ~~nor more than sixty days after the beginning of the school's regular school program~~ AFTER THE FIRST SCHOOL DAY OCCURRING AFTER OCTOBER 1.

SECTION 9. 22-54-105 (2) (a), Colorado Revised Statutes, 1995 Repl. Vol., is

amended to read:

22-54-105. Instructional supplies and materials - capital reserve - risk-related activities. (2) (a) Every district shall budget the amount determined pursuant to paragraph (b) of this subsection (2) to be allocated, in the discretion of the board of education, to the capital reserve fund created by section 22-45-103 (1) (c), ~~the insurance reserve fund created by section 22-45-103 (1) (e), or to any other fund~~ TO A FUND OR AN ACCOUNT WITHIN THE GENERAL FUND established IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES solely for the management of risk-related activities as identified in section 24-10-115, C.R.S., and article 13 of title 29, C.R.S., or among such ALLOWABLE funds AND ACCOUNTS. SUCH moneys ~~in the capital reserve fund and insurance reserve fund~~ shall be used for the purposes set forth in section 22-45-103 (1) (c) and (1) (e) and may not be expended by the district for any other purpose. The board of education may transfer moneys among ~~the three funds~~ THESE ALLOWABLE FUNDS AND ACCOUNTS when such transfer is deemed necessary by the board.

SECTION 10. 22-54-105 (1) (b), (1) (c), and (2) (b), Colorado Revised Statutes, 1995 Repl. Vol., as amended, are amended to read:

22-54-105. Instructional supplies and materials - capital reserve and insurance reserve. (1) (b) (I) The amount to be budgeted in any budget year shall be the amount determined by multiplying one hundred ~~thirty~~ THIRTY-FOUR dollars by the district's funded pupil count.

(II) FOR THE 1998-99 BUDGET YEAR AND BUDGET YEARS THEREAFTER, THE DOLLAR AMOUNT REQUIRED TO BE BUDGETED PER PUPIL PURSUANT TO THIS PARAGRAPH (b) SHALL BE INCREASED EACH YEAR BY THE SAME PERCENTAGE THAT THE STATEWIDE BASE PER PUPIL FUNDING IS INCREASED PURSUANT TO SECTION 22-54-104 (5). SUCH AMOUNT SHALL BE ROUNDED TO THE NEAREST DOLLAR.

(c) For purposes of this subsection (1), instructional supplies and materials include, but are not limited to, supplies, textbooks, library books, periodicals, and other supplies and materials. Instructional capital outlay includes those expenditures which result in the acquisition of fixed assets for instructional purposes, or additions thereto, which the board of education anticipates will have benefits for more than one year. Other instructional purposes include expenses incurred in providing transportation for pupils to and from school-sponsored instructional activities which occur outside the classroom; costs incurred for repair or maintenance services for equipment which is directly used for instructional purposes; and costs incurred in providing staff development directly related to instruction. Moneys expended for staff development costs shall not exceed ~~twenty~~ TEN percent of the amount budgeted pursuant to this subsection (1). Costs incurred in providing staff development shall include moneys expended pursuant to contractual arrangements with educators and other staff development providers but shall not include moneys for out-of-state travel or moneys for in-district teacher salary increases. Instructional supplies and materials, instructional capital outlay, and other instructional purposes are limited to those functions accounts and objects accounts as prescribed by the state board of education.

(2) (b) (I) The amount to be budgeted in any budget year shall be the amount determined by multiplying two hundred ~~ten~~ SIXTEEN dollars by the district's funded

pupil count. Such amount shall be the minimum required to be budgeted, and the district may elect to budget up to eight hundred dollars multiplied by the district's funded pupil count.

(II) FOR THE 1998-99 BUDGET YEAR AND BUDGET YEARS THEREAFTER, THE MINIMUM DOLLAR AMOUNT REQUIRED TO BE BUDGETED PER PUPIL PURSUANT TO THIS PARAGRAPH (b) SHALL BE INCREASED EACH YEAR BY THE SAME PERCENTAGE THAT THE STATEWIDE BASE PER PUPIL FUNDING IS INCREASED PURSUANT TO SECTION 22-54-104 (5). SUCH AMOUNT SHALL BE ROUNDED TO THE NEAREST DOLLAR.

SECTION 11. 22-45-103 (1) (a) (I), the introductory portion to 22-45-103 (1) (c) (I), and 22-45-103 (1) (e), Colorado Revised Statutes, 1995 Repl. Vol., are amended to read:

22-45-103. Funds. (1) The following funds are created for each school district for purposes specified in this article:

(a) **General fund.** (I) All revenues, except those revenues attributable to the bond redemption fund, the capital reserve fund, the special building fund, ~~the insurance reserve~~ A FUND CREATED SOLELY FOR THE MANAGEMENT OF RISK-RELATED ACTIVITIES, and any other fund authorized by the state board of education, as provided in subsection (2) of this section, shall be accounted for in the general fund. Any lawful expenditure of the school district, including any expenditure of a nature which could be made from any fund, may be made from the general fund. All expenditures from the general fund shall be recorded therein.

(c) **Capital reserve fund.** (I) Moneys allocated pursuant to the provisions of section 22-54-105 (2) shall be transferred from the general fund and recorded in the capital reserve fund along with the revenues received pursuant to section 39-5-132, C.R.S. Such revenues may be supplemented by gifts, donations, and tuition receipts. Unencumbered moneys in the fund may be transferred to ~~the insurance reserve fund or to any other fund~~ A FUND OR AN ACCOUNT WITHIN THE GENERAL FUND established IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES solely for the management of risk-related activities as identified in section 24-10-115, C.R.S., and article 13 of title 29, C.R.S., by resolution of the board of education when such transfer is deemed necessary by the board. Expenditures from the fund shall be limited to long-range capital outlay expenditures and shall be made only for the following purposes:

(e) **Risk management reserves.** Moneys allocated pursuant to the provisions of section 22-54-105 (2) shall be ~~transferred from the general fund and~~ recorded in ~~the insurance reserve fund~~ A FUND OR IN AN ACCOUNT WITHIN THE GENERAL FUND ESTABLISHED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES SOLELY FOR THE MANAGEMENT OF RISK-RELATED ACTIVITIES AS IDENTIFIED IN SECTION 24-10-115, C.R.S., AND ARTICLE 13 OF TITLE 29, C.R.S. Unencumbered moneys in ~~the fund~~ SUCH FUND OR ACCOUNT may be transferred to the capital reserve fund or to any other fund OR ACCOUNT established solely for the management of risk-related activities ~~as identified in section 24-10-115, C.R.S., and article 13 of title 29, C.R.S.;~~ by resolution of the board of education when such transfer is deemed necessary by the board. Expenditures from ~~the ANY SUCH~~ fund OR ACCOUNT shall be limited to the purposes set forth in section 24-10-115, C.R.S., and article 13 of title

29, C.R.S.

SECTION 12. 22-44-112 (2) (a), Colorado Revised Statutes, 1995 Repl. Vol., is amended to read:

22-44-112. Transfer of moneys. (2) (a) A board of education may transfer by resolution any unencumbered moneys from one fund to another, except the capital reserve fund, ~~the insurance reserve~~ ANY FUND OR ACCOUNT IN THE GENERAL FUND ESTABLISHED SOLELY FOR THE MANAGEMENT OF RISK-RELATED ACTIVITIES, the transportation fund, the special building fund, the bond redemption fund, or the instructional supplies and materials account or the instructional capital outlay account in the general fund; except that unencumbered moneys may be transferred by resolution of the board between the capital reserve fund and ~~insurance reserve~~ ANY FUND OR ACCOUNT IN THE GENERAL FUND ESTABLISHED SOLELY FOR THE MANAGEMENT OF RISK-RELATED ACTIVITIES and between the instructional supplies and materials account and the instructional capital outlay account in the general fund.

SECTION 13. 22-54-110 (2) (b) (I), Colorado Revised Statutes, 1995 Repl. Vol., is amended to read:

22-54-110. Loans to alleviate cash flow management problems. (2) (b) For purposes of paragraph (a) of this subsection (2):

(I) "Available resources" means any available cash and investments in district funds which can be used to alleviate general fund cash shortfalls including, but not limited to, the district's capital reserve fund and ~~insurance reserve funds~~ ANY FUND OR ACCOUNT WITHIN THE GENERAL FUND ESTABLISHED SOLELY FOR THE MANAGEMENT OF RISK-RELATED ACTIVITIES. "Available resources" shall not include cash that is legally segregated or pledged by contract or rule and regulation of the state board.

SECTION 14. 22-30.5-104 (2), Colorado Revised Statutes, 1995 Repl. Vol., is amended to read:

22-30.5-104. Charter school - requirements - authority. (2) A charter school shall be a public school ~~which is part of~~ WITHIN the school district ~~in which it is located~~ THAT GRANTS ITS CHARTER and shall be accountable to the SCHOOL DISTRICT'S local board of education for purposes of ensuring compliance with applicable laws and charter provisions and the requirement of section 15 of article IX of the state constitution. A CHARTER SCHOOL CANNOT APPLY TO, OR BE GRANTED A CHARTER BY, A SCHOOL DISTRICT UNLESS A MAJORITY OF THE CHARTER SCHOOL'S PUPILS WILL RESIDE IN THE CHARTERING SCHOOL DISTRICT OR IN SCHOOL DISTRICTS CONTIGUOUS THERETO.

SECTION 15. 22-30.5-106 (1) (e), Colorado Revised Statutes, 1995 Repl. Vol., is amended to read:

22-30.5-106. Charter application - contents. (1) The charter school application shall be a proposed agreement and shall include:

(e) A description of the charter school's educational program, pupil performance

standards, and curriculum, which must meet or exceed any content standards adopted by the school district in which the charter school ~~is located~~ HAS APPLIED FOR A CHARTER and must be designed to enable each pupil to achieve such standards;

SECTION 16. 22-30.5-107 (1), Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended to read:

22-30.5-107. Charter application - process. (1) A CHARTER APPLICANT CANNOT APPLY TO, OR BE GRANTED A CHARTER BY, A SCHOOL DISTRICT UNLESS A MAJORITY OF THE CHARTER SCHOOL'S PUPILS WILL RESIDE IN THE CHARTERING SCHOOL DISTRICT OR IN SCHOOL DISTRICTS CONTIGUOUS THERETO. The local board of education shall receive and review all applications for charter schools. Applications must be filed with the local board of education by October 1 to be eligible for consideration for the following school year. The local board of education shall not charge any application fees. If such board finds the charter school application is incomplete, the board shall request the necessary information from the charter applicant. The charter school application shall be reviewed by the district accountability committee prior to consideration by the local board of education.

SECTION 17. 22-30.5-108 (3) (a), the introductory portion to 22-30.5-108 (4) (a) (I), and 22-30.5-108 (5), Colorado Revised Statutes, 1995 Repl. Vol., are amended to read:

22-30.5-108. Appeal - standard of review - procedures. (3) If the notice of appeal, or the motion to review by the state board, relates to a local board's decision to deny, refuse to renew, or revoke a charter or to a local board's unilateral imposition of conditions that are unacceptable to the charter school or the charter applicant, the appeal and review process shall be as follows:

(a) Within sixty days after receipt of the notice of appeal or the making of a motion to review by the state board and after reasonable public notice, the state board, at a public hearing which may be held in the SCHOOL district ~~where~~ IN WHICH the proposed charter school ~~is located~~ HAS APPLIED FOR A CHARTER, shall review the decision of the local board of education and make its findings. If the state board finds that the local board's decision was contrary to the best interests of the pupils, school district, or community, the state board shall remand such decision to the local board of education with written instructions for reconsideration thereof. Said instructions shall include specific recommendations concerning the matters requiring reconsideration.

(4) If the notice of appeal, or the motion to review by the state board, relates to a local board's decision to grant a charter, the appeal and review process shall be as follows:

(a) (I) Within sixty days after receipt of the notice of appeal or the making of a motion to review by the state board and after reasonable public notice, the state board, at a public hearing which may be held in the district ~~where~~ IN WHICH the proposed charter school ~~is located~~ HAS APPLIED FOR A CHARTER, shall review the decision of the local board of education and determine whether such decision was arbitrary and capricious or whether the establishment or operation of the proposed charter school would:

(5) Nothing in this section shall be construed to alter the requirement that a charter school be a part of the school district ~~in which it is located~~ THAT GRANTS ITS CHARTER and accountable to the local board of education pursuant to section 22-30.5-104 (2).

SECTION 18. 22-30.5-112 (1), Colorado Revised Statutes, 1995 Repl. Vol., is amended to read:

22-30.5-112. Charter schools - financing - guidelines. (1) For purposes of the "Public School Finance Act of 1994", article 54 of this title, pupils enrolled in a charter school shall be included in the pupil enrollment of the SCHOOL district ~~within which the charter school is located~~ THAT GRANTED ITS CHARTER. The school district ~~in which the charter school is located~~ THAT GRANTED ITS CHARTER shall report to the department of education the number of pupils included in the school district's pupil enrollment that are actually enrolled in each charter school.

SECTION 19. 22-32-116.5 (1), Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

22-32-116.5. Extracurricular and interscholastic activities. (1) (c) NO SCHOOL OR SCHOOL DISTRICT THAT RECEIVES FUNDS UNDER ARTICLE 54 OF THIS TITLE SHALL BELONG TO ANY ORGANIZATION OR ASSOCIATION NOR ENFORCE ANY RULE OF A COACH OR PRINCIPAL THAT WOULD PROHIBIT A STUDENT'S PARTICIPATION IN ANY SCHOOL OR INTERSCHOLASTIC SCHOOL ACTIVITY BASED UPON THE STUDENT'S PARTICIPATION IN LAWFUL ACTIVITIES DURING OUT-OF-SCHOOL HOURS AND OFF OF SCHOOL PROPERTY.

SECTION 20. 24-46-104 (1), Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

24-46-104. Powers and duties of commission. (1) The commission has the following powers and duties:

(1) NO LATER THAN OCTOBER 1, 1997, TO MAKE RECOMMENDATIONS TO THE GOVERNOR AND THE GENERAL ASSEMBLY CONCERNING METHODS TO MONITOR AND TO DETERMINE IF THERE IS ANY NEED TO LIMIT STATE ECONOMIC DEVELOPMENT PROGRAMS THAT ARE STRUCTURED IN A MANNER THAT ALLOW DECISIONS MADE BY LOCAL GOVERNMENTS TO ADVERSELY AFFECT THE AMOUNT OF GENERAL FUND REVENUE THAT WOULD OTHERWISE BE AVAILABLE FOR THE FINANCING OF PUBLIC SCHOOLS. THIS PARAGRAPH (1) IS REPEALED, EFFECTIVE JANUARY 1, 1998.

SECTION 21. 24-51-401 (1.7), Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended to read:

24-51-401. Employer and member contributions. (1.7) Effective July 1, 1993, the employer shall forward to the association by the tenth calendar day of each month a monthly contribution report and the full amount of employer and member contributions. Except as provided in subsection (7) of this section, such contributions shall be based upon the rates for the appropriate division as set forth in the following table multiplied by the total gross salary paid to members for the preceding month:

TABLE A

CONTRIBUTION RATES

<u>Division</u>	<u>Membership</u>	<u>Employer Rate</u>	<u>Member Rate</u>
State	All Members	11.6%	8.0%
	Except State Troopers	13.2%	11.5%
School	All Members	11.6% 11.5%	8.0%
Municipal	All Members	10.0%	8.0%
Judicial	All Members	15.0%	8.0%

SECTION 22. 22-45-103 (1) (a), Colorado Revised Statutes, 1995 Repl. Vol., is amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

22-45-103. Funds. (1) The following funds are created for each school district for purposes specified in this article:

(a) **General fund.** (VI) (A) FOR THE 1997-98 BUDGET YEAR AND BUDGET YEARS THEREAFTER, AN AMOUNT DETERMINED PURSUANT TO SUB-SUBPARAGRAPH (B) OF THIS SUBPARAGRAPH (VI) SHALL BE CREDITED TO THE CAPITAL CONSTRUCTION ACCOUNT. MONEYS IN SAID ACCOUNT MAY BE USED FOR ANY OF THE PURPOSES SET FORTH IN SUB-SUBPARAGRAPHS (A), (B), (C), AND (D) OF SUBPARAGRAPH (I) OF PARAGRAPH (c) OF THIS SUBSECTION (1) BUT SHALL NOT BE EXPENDED BY THE DISTRICT FOR ANY OTHER PURPOSE. ALL INTEREST EARNED ON THE INVESTMENT OF MONEYS IN THE ACCOUNT SHALL BE CREDITED TO THE ACCOUNT. MONEYS REMAINING IN THE ACCOUNT AT THE END OF ANY FISCAL YEAR SHALL REMAIN IN THE ACCOUNT AND BE AVAILABLE FOR EXPENDITURE IN THE NEXT FISCAL YEAR.

(B) THE AMOUNT TO BE CREDITED TO THE CAPITAL CONSTRUCTION ACCOUNT IN EACH BUDGET YEAR SHALL BE THE DIFFERENCE BETWEEN THE DISTRICT'S TOTAL EMPLOYER CONTRIBUTION FOR THE BUDGET YEAR AS CALCULATED PURSUANT TO SECTION 24-51-401 (1.7), C.R.S., USING A CONTRIBUTION RATE OF 11.6% AND AS CALCULATED PURSUANT TO SAID SECTION USING A CONTRIBUTION RATE OF 11.5%.

SECTION 23. 22-41-106, Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended to read:

22-41-106. Disposition of income. (†) ALL interest derived from the investment and reinvestment of the public school fund shall be credited TO THE PUBLIC SCHOOL INCOME FUND AND PERIODICALLY TRANSFERRED THEREFROM TO THE STATE PUBLIC SCHOOL FUND. ~~as follows:~~

(a) ~~Except as otherwise provided in this paragraph (a), an amount equal to the percentage change in the consumer price index during the previous calendar year divided by the effective interest rate times the interest earned shall be periodically retained in and become part of the public school fund to account for inflation. The effective interest rate and the interest earned shall be those calculated by the state treasurer for the previous calendar year. This retained amount shall not exceed the amount of interest earned from the public school fund. If the percentage change in~~

~~the consumer price index during the previous calendar year is zero or is negative, no interest shall be retained in the public school fund pursuant to this paragraph (a).~~

~~(b) The remainder of the interest derived from the public school fund shall be credited to the public school income fund and periodically transferred therefrom to the state public school fund.~~

~~(2) For purposes of this section, "consumer price index" means the United States consumer price index for the Denver-Boulder consolidated metropolitan statistical area for all items for all urban consumers as published by the bureau of labor statistics of the United States department of labor or its successor index.~~

SECTION 24. 22-33-203 (2), Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended to read:

22-33-203. Educational alternatives for expelled students. (2) (a) UPON REQUEST OF A STUDENT OR THE STUDENT'S PARENT OR GUARDIAN, the school district, working with the student's parent or guardian, ~~may~~ SHALL provide services for any student who is expelled from the school district. ~~through the agreements entered into pursuant to section 22-33-204.~~ THE SERVICES PROVIDED SHALL BE DESIGNED TO ENABLE THE STUDENT TO RETURN TO SCHOOL OR TO SUCCESSFULLY COMPLETE THE GED, WHICHEVER IS DEEMED APPROPRIATE BY THE EXPELLING SCHOOL DISTRICT, THE STUDENT'S PARENT OR GUARDIAN, AND THE STUDENT. SUCH SERVICES SHALL BE PROVIDED BY THE EXPELLING SCHOOL DISTRICT; EXCEPT THAT, IF THE EXPELLING SCHOOL DISTRICT EXPELLED FEWER THAN FIFTY STUDENTS IN THE PRECEDING SCHOOL YEAR, THE EXPELLING SCHOOL DISTRICT MAY PROVIDE SUCH SERVICES IN COOPERATION WITH ONE OR MORE OTHER SCHOOL DISTRICTS, BOARDS OF COOPERATIVE SERVICES, OR PILOT SCHOOLS ESTABLISHED PURSUANT TO ARTICLE 38 OF THIS TITLE UNDER CONTRACT WITH THE EXPELLING SCHOOL DISTRICT. SUCH SERVICES MAY BE PROVIDED BY THE SCHOOL DISTRICT THROUGH AGREEMENTS ENTERED INTO PURSUANT TO SECTION 22-33-204. Any expelled student receiving services shall be included in the EXPELLING school district's pupil enrollment as defined in section 22-54-103 (10).

(b) IF AN EXPELLED STUDENT IS RECEIVING SERVICES DELIVERED BY A SCHOOL DISTRICT OTHER THAN THE EXPELLING SCHOOL DISTRICT, BY A BOARD OF COOPERATIVE SERVICES, OR BY A PILOT SCHOOL PURSUANT TO AN AGREEMENT ENTERED INTO PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2), THE EXPELLING SCHOOL DISTRICT SHALL TRANSFER EIGHTY PERCENT OF THE DISTRICT PER PUPIL OPERATING REVENUES TO THE SCHOOL DISTRICT, BOARD OF COOPERATIVE SERVICES, OR PILOT SCHOOL THAT IS PROVIDING SUCH SERVICES, REDUCED IN PROPORTION TO THE AMOUNT OF TIME REMAINING IN THE SCHOOL YEAR AT THE TIME THE STUDENT BEGINS RECEIVING SUCH SERVICES.

(c) ANY SCHOOL DISTRICT THAT IS PROVIDING SERVICES WITHIN THE SCHOOL DISTRICT TO EXPELLED STUDENTS PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2) MAY APPLY FOR MONEYS THROUGH THE EXPELLED STUDENT SERVICES GRANT PROGRAM ESTABLISHED IN SECTION 22-33-205 TO ASSIST IN PROVIDING SUCH SERVICES.

SECTION 25. Part 2 of article 33 of title 22, Colorado Revised Statutes, 1995

Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

22-33-205. Services for expelled students - grants - criteria. (1) THERE IS HEREBY ESTABLISHED IN THE DEPARTMENT OF EDUCATION THE EXPELLED STUDENT SERVICES GRANT PROGRAM, REFERRED TO IN THIS SECTION AS THE "PROGRAM". THE PROGRAM SHALL PROVIDE GRANTS TO SCHOOL DISTRICTS AND TO PILOT SCHOOLS ESTABLISHED PURSUANT TO ARTICLE 38 OF THIS TITLE TO ASSIST THEM IN PROVIDING TO EXPELLED STUDENTS EDUCATIONAL SERVICES THAT WILL ENABLE SUCH STUDENTS TO EITHER RETURN TO SCHOOL OR TO SUCCESSFULLY COMPLETE THE GED, WHICHEVER IS DEEMED APPROPRIATE BY THE EXPELLING SCHOOL DISTRICT, THE STUDENT'S PARENT OR GUARDIAN, AND THE STUDENT. ANY SCHOOL DISTRICT THAT PROVIDES SUCH SERVICES WITHIN THE SCHOOL DISTRICT PURSUANT TO SECTION 22-33-203 (2) AND ANY PILOT SCHOOL THAT PROVIDES SERVICES PURSUANT TO AN AGREEMENT ENTERED INTO PURSUANT TO SECTION 22-33-203 (2) IS ELIGIBLE TO PARTICIPATE IN THE GRANT PROGRAM. GRANTS AWARDED PURSUANT TO THIS SECTION SHALL BE PAID FOR OUT OF ANY GENERAL FUND MONEYS APPROPRIATED TO THE DEPARTMENT OF EDUCATION FOR IMPLEMENTATION OF THE PROGRAM.

(2) (a) THE STATE BOARD BY RULE SHALL ESTABLISH APPLICATION PROCEDURES BY WHICH A SCHOOL DISTRICT OR A PILOT SCHOOL MAY ANNUALLY APPLY FOR A GRANT UNDER THE PROGRAM. AT A MINIMUM, THE APPLICATION SHALL INCLUDE A PLAN FOR PROVISION OF SERVICES, INCLUDING THE TYPE OF SERVICES TO BE PROVIDED AND THE ESTIMATED COST OF PROVIDING SUCH SERVICES.

(b) THE STATE BOARD SHALL DETERMINE WHICH OF THE APPLYING SCHOOL DISTRICTS AND PILOT SCHOOLS SHALL RECEIVE GRANTS AND THE AMOUNT OF EACH GRANT. IN AWARDED GRANTS, THE STATE BOARD SHALL CONSIDER THE FOLLOWING CRITERIA:

(I) THE NUMBER OF STUDENTS EXPELLED FROM THE APPLYING SCHOOL DISTRICT DURING THE SCHOOL YEAR PRECEDING THE SCHOOL YEAR FOR WHICH THE GRANT IS REQUESTED;

(II) THE ESTIMATED NUMBER OF STUDENTS ENROLLED IN THE SCHOOL DISTRICT WHO ARE ANTICIPATED TO BE AT RISK OF SUSPENSION OR EXPULSION DURING THE YEAR FOR WHICH THE GRANT IS REQUESTED;

(III) THE NUMBER OF EXPELLED STUDENTS RECEIVING EDUCATIONAL SERVICES THROUGH THE APPLYING PILOT SCHOOL UNDER AGREEMENTS ENTERED INTO PURSUANT TO SECTION 22-33-203 (2) DURING THE SCHOOL YEAR PRECEDING THE YEAR FOR WHICH THE GRANT IS REQUESTED AND THE NUMBER OF EXPELLED STUDENTS ANTICIPATED TO RECEIVE SUCH SERVICES DURING THE YEAR FOR WHICH THE GRANT IS REQUESTED;

(IV) THE QUALITY OF SERVICES TO BE PROVIDED BY THE SCHOOL DISTRICT OR PILOT SCHOOL UNDER THE PLAN;

(V) THE COST-EFFECTIVENESS OF THE SERVICES TO BE PROVIDED UNDER THE PLAN;
AND

(VI) THE AMOUNT OF FUNDING RECEIVED BY THE SCHOOL DISTRICT UNDER ARTICLE 54 OF THIS TITLE OR BY THE PILOT SCHOOL IN RELATION TO THE COST OF THE SERVICES PROVIDED UNDER THE PLAN.

SECTION 26. 22-38-104, Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-38-104. Pilot schools - requirements - authority. (10) IN ADDITION TO THE STUDENTS ENROLLED AT EACH PILOT SCHOOL PURSUANT TO SECTION 22-38-111, A PILOT SCHOOL MAY ENTER INTO AN AGREEMENT PURSUANT TO SECTION 22-33-203 (2) WITH A SCHOOL DISTRICT OR WITH A BOARD OF COOPERATIVE SERVICES TO PROVIDE EDUCATIONAL SERVICES TO ENABLE EXPELLED STUDENTS TO EITHER RETURN TO SCHOOL OR SUCCESSFULLY COMPLETE THE GED. STUDENTS RECEIVING SUCH SERVICES SHALL NOT BE CONSIDERED TO BE ENROLLED AT THE PILOT SCHOOL, AND, IF THE PILOT SCHOOL PROVIDES FULL-TIME RESIDENTIAL FACILITIES, STUDENTS RECEIVING SUCH SERVICES NEED NOT RESIDE AT THE PILOT SCHOOL.

SECTION 27. 22-38-111, Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-38-111. Pilot schools - admission of students. (4) STUDENTS ENROLLED IN A PILOT SCHOOL PURSUANT TO THIS SECTION ARE IN ADDITION TO STUDENTS RECEIVING EDUCATIONAL SERVICES FROM THE PILOT SCHOOL UNDER AN AGREEMENT ENTERED INTO PURSUANT TO SECTION 22-33-203 (2). STUDENTS RECEIVING SUCH EDUCATIONAL SERVICES SHALL NOT BE SUBJECT TO THE ADMISSIONS REQUIREMENTS THAT ARE APPLIED TO ENROLLING STUDENTS, BUT SHALL BE ELIGIBLE TO RECEIVE SERVICES AS PROVIDED UNDER THE AGREEMENT.

SECTION 28. 22-38-115, Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-38-115. Funding. (3) A PILOT SCHOOL MAY APPLY FOR A GRANT FROM THE EXPELLED STUDENT SERVICES GRANT PROGRAM AS PROVIDED IN SECTION 22-33-205 TO USE IN PROVIDING EDUCATIONAL SERVICES TO EXPELLED STUDENTS UNDER AGREEMENTS ENTERED INTO PURSUANT TO SECTION 22-33-203 (2).

SECTION 29. 22-54-104.3 (2.7), Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended to read:

22-54-104.3. Total program for 1994-95 and 1995-96 budget years and budget years thereafter - special provisions. (2.7) (a) For the 1997-98 budget year and budget years thereafter, notwithstanding the provisions of section 22-54-104 (2) and (6), a district's total program for the applicable budget year shall not exceed the district's total program for the prior budget year multiplied by 100% plus the district's maximum annual percentage change in the applicable fiscal year spending.

(b) For purposes of this subsection (2.7), "maximum annual percentage change in the applicable fiscal year spending" means the percentage change in fiscal year spending allowed by section 20 of article X of the state constitution based upon the definition of inflation found in said section 20 and based upon the definition of local growth as the percentage change between the district's funded pupil count during the

immediately preceding October and the district's current year October funded pupil count.

(c) (I) IF A DISTRICT'S 1997-98 TOTAL PROGRAM WAS CALCULATED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2.7) AND THE DISTRICT IS CAPABLE OF RECEIVING AN INCREASE IN ITS 1997-98 TOTAL PROGRAM WITHIN THE LIMITATIONS ON ITS FISCAL YEAR SPENDING FOR THE 1997-98 BUDGET YEAR UNDER SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION, THE DISTRICT MAY CERTIFY TO THE DEPARTMENT THAT IT MAY RECEIVE AN ADDITIONAL INCREASE IN ITS 1997-98 TOTAL PROGRAM IN AN AMOUNT EQUAL TO THE LESSER OF:

(A) THE DIFFERENCE BETWEEN THE DISTRICT'S 1997-98 TOTAL PROGRAM CALCULATED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2.7) AND THE DISTRICT'S 1997-98 TOTAL PROGRAM CALCULATED PURSUANT TO SECTION 22-54-104 (2) OR (6); OR

(B) THE DIFFERENCE BETWEEN THE DISTRICT'S 1997-98 TOTAL PROGRAM CALCULATED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2.7) AND THE DISTRICT'S ALLOWABLE FISCAL YEAR SPENDING FOR THE 1997-98 BUDGET YEAR UNDER SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

(II) EACH DISTRICT ELIGIBLE FOR AN INCREASE PURSUANT THIS PARAGRAPH (c) SHALL CERTIFY TO THE DEPARTMENT THE EXACT DOLLAR AMOUNT OF INCREASE THAT THE DISTRICT CAN ACCEPT. SUCH CERTIFICATION SHALL BE SUBMITTED NO LATER THAN DECEMBER 1, 1997, AND MUST BE REVIEWED AND APPROVED BY AN AUDITOR FOR THE DISTRICT.

SECTION 30. 22-20-114 (1) (b.5), Colorado Revised Statutes, 1995 Repl. Vol., is amended, and the said 22-20-114 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

22-20-114. Funding of programs. (1) (b.5) For the 1995-96 AND 1996-97 budget ~~year and budget years thereafter~~ YEARS, each administrative unit that maintains and operates special education programs approved by the department for the education of exceptional children shall be entitled to a base amount of state funding equal to the state base amount received for the 1994-95 budget year. Any increase in the appropriation made to the department over the appropriation made to the department for the 1994-95 budget year shall be distributed to a school district in proportion to the number of children with disabilities residing in such district divided by the total number of children with disabilities in the state. The increase in the appropriation to be distributed to school districts pursuant to this paragraph (b.5) shall be distributed as soon as practicable after the beginning of the fiscal year.

(b.7) (I) FOR THE 1997-98 BUDGET YEAR AND BUDGET YEARS THEREAFTER, FORTY-NINE MILLION EIGHT HUNDRED THOUSAND SEVEN HUNDRED FIFTY-SIX DOLLARS SHALL BE DISTRIBUTED TO EACH ADMINISTRATIVE UNIT THAT MAINTAINS AND OPERATES SPECIAL EDUCATION PROGRAMS IN PROPORTION TO THE AMOUNT OF STATE FUNDING THE ADMINISTRATIVE UNIT RECEIVED FOR THE 1994-95 BUDGET YEAR DIVIDED BY THE APPROPRIATION FOR THE 1994-95 BUDGET YEAR.

(II) FOR THE 1997-98 BUDGET YEAR AND BUDGET YEARS THEREAFTER, ANY

INCREASE IN THE APPROPRIATION MADE TO THE DEPARTMENT OVER THE AMOUNT DISTRIBUTED IN ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH (b.7) SHALL BE DISTRIBUTED TO A SCHOOL DISTRICT IN PROPORTION TO THE NUMBER OF CHILDREN WITH DISABILITIES RESIDING IN SUCH DISTRICT DIVIDED BY THE TOTAL NUMBER OF CHILDREN WITH DISABILITIES IN THE STATE. THE INCREASE IN THE APPROPRIATION TO BE DISTRIBUTED TO SCHOOL DISTRICTS PURSUANT TO THIS PARAGRAPH (b.7) SHALL BE DISTRIBUTED AS SOON AS PRACTICABLE AFTER THE BEGINNING OF THE FISCAL YEAR. FOR PURPOSES OF THIS PARAGRAPH (b.7), THE NUMBER OF CHILDREN WITH DISABILITIES SHALL BE BASED UPON THE COUNT TAKEN IN DECEMBER OF THE IMMEDIATELY PRECEDING BUDGET YEAR.

SECTION 31. 22-53-409, Colorado Revised Statutes, 1995 Repl. Vol., as amended, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

22-53-409. Assessments. (1) BEGINNING IN THE SPRING SEMESTER 1997, THE DEPARTMENT SHALL IMPLEMENT THE COLORADO STUDENT ASSESSMENT PROGRAM UNDER WHICH THE DEPARTMENT SHALL ADMINISTER STATEWIDE ASSESSMENTS ADOPTED BY THE BOARD PURSUANT TO SECTION 22-53-406 IN THE FIRST PRIORITY AREAS OF READING, WRITING, MATHEMATICS, AND SCIENCE, ACCORDING TO THE FOLLOWING IMPLEMENTATION SCHEDULE:

(a) BEGINNING IN THE SPRING SEMESTER 1997, AND EACH SPRING SEMESTER THEREAFTER, THE DEPARTMENT SHALL ADMINISTER A STATEWIDE ASSESSMENT IN READING AND WRITING TO ALL STUDENTS ENROLLED IN FOURTH GRADE IN PUBLIC SCHOOLS THROUGHOUT THE STATE.

(b) BEGINNING IN THE SPRING SEMESTER 1998, AND EACH SPRING SEMESTER THEREAFTER, THE DEPARTMENT SHALL ADMINISTER A STATEWIDE ASSESSMENT IN READING TO ALL STUDENTS ENROLLED IN THE THIRD GRADE IN PUBLIC SCHOOLS THROUGHOUT THE STATE.

(c) BEGINNING IN THE SPRING SEMESTER 1999, AND EACH SPRING SEMESTER THEREAFTER, THE DEPARTMENT SHALL ADMINISTER A STATEWIDE ASSESSMENT IN MATHEMATICS TO ALL STUDENTS ENROLLED IN THE FIFTH GRADE IN PUBLIC SCHOOLS THROUGHOUT THE STATE.

(d) BEGINNING IN THE SPRING SEMESTER 2000, AND EACH SPRING SEMESTER THEREAFTER, THE DEPARTMENT SHALL ADMINISTER A STATEWIDE ASSESSMENT IN MATHEMATICS TO ALL STUDENTS ENROLLED IN THE EIGHTH GRADE IN PUBLIC SCHOOLS THROUGHOUT THE STATE.

(e) BEGINNING IN THE SPRING SEMESTER 2001, AND EACH SPRING SEMESTER THEREAFTER, THE DEPARTMENT SHALL ADMINISTER A STATEWIDE ASSESSMENT IN SCIENCE TO ALL STUDENTS ENROLLED IN THE EIGHTH GRADE IN PUBLIC SCHOOLS THROUGHOUT THE STATE.

(2) THE DEPARTMENT SHALL PREPARE AN ANNUAL REPORT OF THE RESULTS OF THE STATEWIDE ASSESSMENTS WHICH SHALL BE SUBMITTED NO LATER THAN JANUARY 1, 1998, AND NO LATER THAN EACH JANUARY 1 THEREAFTER, TO THE EDUCATION COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE AND TO THE GOVERNOR AND WHICH SHALL BE MADE AVAILABLE UPON REQUEST TO MEMBERS OF

THE PUBLIC. IN THE REPORT, THE DEPARTMENT SHALL PRESENT THE PERCENTAGE OF STUDENTS ACHIEVING EACH OF THE PERFORMANCE LEVELS SPECIFIED BY THE BOARD, CALCULATED FOR THE STATE AS A WHOLE, FOR EACH DISTRICT AND BY DISTRICT SIZE. THE DEPARTMENT SHALL ALSO REPORT THE PERCENTAGE OF STUDENTS IN THE STATE ACHIEVING EACH OF THE PERFORMANCE LEVELS BY GENDER, RACE, SEPARATE DISABLING CONDITION, AND ETHNICITY. THE DEPARTMENT SHALL ALSO REPORT SAID PERCENTAGES BY SCHOOL, CATEGORIZING THE SCHOOLS BY SOCIOECONOMIC STATUS DETERMINED BY THE NUMBER OF STUDENTS ELIGIBLE FOR FREE OR REDUCED-COST LUNCH.

(3) BEGINNING FISCAL YEAR 1998-99 AND FOR FISCAL YEARS THEREAFTER, AS PROVIDED IN SECTION 22-54-121, THE DEPARTMENT MAY FUND THE COLORADO STUDENT ASSESSMENT PROGRAM USING A PORTION OF THE MONEYS ANNUALLY APPROPRIATED TO PUBLIC SCHOOL FINANCE, TOTAL PROGRAM, PURSUANT TO ARTICLE 54 OF THIS TITLE, SUBJECT TO THE LIMITATION SPECIFIED IN A FOOTNOTE TO THE ANNUAL GENERAL APPROPRIATIONS BILL.

SECTION 32. 22-53-405 (2), Colorado Revised Statutes, 1995 Repl. Vol., is amended to read:

22-53-405. Powers and duties of the state standards and assessments development and implementation council. (2) Following adoption of the state model content standards by the board pursuant to section 22-53-406 (1), the council shall develop and recommend to the board state assessments IN THE AREAS OF READING, WRITING, MATHEMATICS, AND SCIENCE that are aligned with the state model content standards and that, following adoption by the board, shall be administered statewide by the department ~~at the fourth grade, eighth grade, and eleventh grade levels~~ pursuant to the provisions of section 22-53-409. The council shall also recommend an acceptable performance level on each such state assessment. Such performance level shall be continuously reexamined.

SECTION 33. 22-53-406 (2) (b) and (3), Colorado Revised Statutes, 1995 Repl. Vol., as amended, are amended to read:

22-53-406. Adoption of state model content standards, state assessments, and timelines - resource bank. (2) On or before September 15, 1995, the board, after careful consideration of the recommendations of the council and in consultation with the commission and the joint budget committee, shall adopt timelines:

(b) Specifying the time by which districts shall begin to assess students IN THE SUBJECT AREAS THAT ARE NOT TESTED BY THE STATE PURSUANT TO SECTION 22-53-409. ~~The timeline shall require student assessments to be administered as follows: In the first year, assessments shall be administered to students in the fourth grade level; in the second year, assessments shall be administered to students in the fourth and eighth grade levels; in the third year and in each year thereafter, assessments shall be administered to students in the fourth, eighth, and eleventh grade levels.~~

(3) On or before June 1, 1996, the board, after careful consideration of the recommendations of the council, shall adopt state assessments IN THE AREAS OF READING, WRITING, MATHEMATICS, AND SCIENCE which are aligned with the state

model content standards and shall specify an acceptable performance level on each such state assessment. Such performance level shall be continuously reexamined. In addition, the board may, at its discretion, adopt additional performance levels.

SECTION 34. 22-53-407 (2) (b) and (2) (c), Colorado Revised Statutes, 1995 Repl. Vol., are amended to read:

22-53-407. Adoption of content standards by districts. (2) Following adoption of content standards pursuant to this section, the district shall develop a plan for:

(b) Developing assessments ~~which~~ THAT will adequately measure each student's progress toward and achievement of the adopted content standards FOR THE SUBJECT AREAS THAT ARE NOT TESTED BY THE STATE PURSUANT TO SECTION 22-53-409, including specification of an acceptable performance level. Such performance level shall be continuously reexamined.

(c) Administering assessments developed pursuant to paragraph (b) of this subsection (2) to students; ~~at the fourth, eighth, and eleventh grade levels and, at the district's discretion, at other grade levels;~~

SECTION 35. Article 54 of title 22, Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

22-54-121. Funding for statewide assessment program. FOR FISCAL YEAR 1998-99 AND FOR FISCAL YEARS THEREAFTER, THE DEPARTMENT OF EDUCATION MAY EXPEND A PORTION OF THE TOTAL AMOUNT ANNUALLY APPROPRIATED BY THE GENERAL ASSEMBLY FOR PUBLIC SCHOOL FINANCE, TOTAL PROGRAM, IN THE ANNUAL GENERAL APPROPRIATIONS BILL AS NECESSARY TO IMPLEMENT THE COLORADO STUDENT ASSESSMENT PROGRAM PURSUANT TO SECTION 22-7-409; EXCEPT THAT THE AMOUNT SPENT BY THE DEPARTMENT IN IMPLEMENTING SAID ASSESSMENT PROGRAM SHALL NOT EXCEED THE LIMITATION ANNUALLY SPECIFIED IN A FOOTNOTE TO THE ANNUAL GENERAL APPROPRIATIONS BILL. IF THE REMAINDER OF THE AMOUNT APPROPRIATED FOR PUBLIC SCHOOL FINANCE, TOTAL PROGRAM, IS NOT SUFFICIENT TO FUND THE STATE'S SHARE OF TOTAL PROGRAM FUNDING FOR ANY FISCAL YEAR, THE DEPARTMENT OF EDUCATION SHALL WITHHOLD AMOUNTS FROM SCHOOL DISTRICTS IN THE MANNER PROVIDED IN SECTION 22-54-106 (4) (c).

SECTION 36. 22-7-409, Colorado Revised Statutes, 1995 Repl. Vol., as enacted by House Bill 97-1219, enacted at the First Regular Session of the Sixty-first General Assembly, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

22-7-409. Assessments. (1) BEGINNING IN THE SPRING SEMESTER 1997, THE DEPARTMENT SHALL IMPLEMENT THE COLORADO STUDENT ASSESSMENT PROGRAM UNDER WHICH THE DEPARTMENT SHALL ADMINISTER STATEWIDE ASSESSMENTS ADOPTED BY THE BOARD PURSUANT TO SECTION 22-7-406 IN THE FIRST PRIORITY AREAS OF READING, WRITING, MATHEMATICS, AND SCIENCE, ACCORDING TO THE FOLLOWING IMPLEMENTATION SCHEDULE:

(a) BEGINNING IN THE SPRING SEMESTER 1997, AND EACH SPRING SEMESTER THEREAFTER, THE DEPARTMENT SHALL ADMINISTER A STATEWIDE ASSESSMENT IN READING AND WRITING TO ALL STUDENTS ENROLLED IN FOURTH GRADE IN PUBLIC

SCHOOLS THROUGHOUT THE STATE.

(b) BEGINNING IN THE SPRING SEMESTER 1998, AND EACH SPRING SEMESTER THEREAFTER, THE DEPARTMENT SHALL ADMINISTER A STATEWIDE ASSESSMENT IN READING TO ALL STUDENTS ENROLLED IN THE THIRD GRADE IN PUBLIC SCHOOLS THROUGHOUT THE STATE.

(c) BEGINNING IN THE SPRING SEMESTER 1999, AND EACH SPRING SEMESTER THEREAFTER, THE DEPARTMENT SHALL ADMINISTER A STATEWIDE ASSESSMENT IN MATHEMATICS TO ALL STUDENTS ENROLLED IN THE FIFTH GRADE IN PUBLIC SCHOOLS THROUGHOUT THE STATE.

(d) BEGINNING IN THE SPRING SEMESTER 2000, AND EACH SPRING SEMESTER THEREAFTER, THE DEPARTMENT SHALL ADMINISTER A STATEWIDE ASSESSMENT IN MATHEMATICS TO ALL STUDENTS ENROLLED IN THE EIGHTH GRADE IN PUBLIC SCHOOLS THROUGHOUT THE STATE.

(e) BEGINNING IN THE SPRING SEMESTER 2001, AND EACH SPRING SEMESTER THEREAFTER, THE DEPARTMENT SHALL ADMINISTER A STATEWIDE ASSESSMENT IN SCIENCE TO ALL STUDENTS ENROLLED IN THE EIGHTH GRADE IN PUBLIC SCHOOLS THROUGHOUT THE STATE.

(2) THE DEPARTMENT SHALL PREPARE AN ANNUAL REPORT OF THE RESULTS OF THE STATEWIDE ASSESSMENTS WHICH SHALL BE SUBMITTED NO LATER THAN JANUARY 1, 1998, AND NO LATER THAN EACH JANUARY 1 THEREAFTER, TO THE EDUCATION COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE AND TO THE GOVERNOR AND WHICH SHALL BE MADE AVAILABLE UPON REQUEST TO MEMBERS OF THE PUBLIC. IN THE REPORT, THE DEPARTMENT SHALL PRESENT THE PERCENTAGE OF STUDENTS ACHIEVING EACH OF THE PERFORMANCE LEVELS SPECIFIED BY THE BOARD, CALCULATED FOR THE STATE AS A WHOLE, FOR EACH DISTRICT AND BY DISTRICT SIZE. THE DEPARTMENT SHALL ALSO REPORT THE PERCENTAGE OF STUDENTS IN THE STATE ACHIEVING EACH OF THE PERFORMANCE LEVELS BY GENDER, RACE, SEPARATE DISABLING CONDITION, AND ETHNICITY. THE DEPARTMENT SHALL ALSO REPORT SAID PERCENTAGES BY SCHOOL, CATEGORIZING THE SCHOOLS BY SOCIOECONOMIC STATUS DETERMINED BY THE NUMBER OF STUDENTS ELIGIBLE FOR FREE OR REDUCED-COST LUNCH.

(3) BEGINNING FISCAL YEAR 1998-99 AND FOR FISCAL YEARS THEREAFTER, AS PROVIDED IN SECTION 22-54-121, THE DEPARTMENT MAY FUND THE COLORADO STUDENT ASSESSMENT PROGRAM USING A PORTION OF THE MONEYS ANNUALLY APPROPRIATED TO PUBLIC SCHOOL FINANCE, TOTAL PROGRAM, PURSUANT TO ARTICLE 54 OF THIS TITLE, SUBJECT TO THE LIMITATION SPECIFIED IN A FOOTNOTE TO THE ANNUAL GENERAL APPROPRIATIONS BILL.

SECTION 37. 22-7-405 (2), Colorado Revised Statutes, 1995 Repl. Vol., as enacted by House Bill 97-1219, enacted at the First Regular Session of the Sixty-first General Assembly, is amended to read:

22-7-405. Powers and duties of the state standards and assessments development and implementation council. (2) Following adoption of the state model content standards by the board pursuant to section 22-7-406 (1), the council

shall develop and recommend to the board state assessments IN THE AREAS OF READING, WRITING, MATHEMATICS, AND SCIENCE that are aligned with the state model content standards and that, following adoption by the board, shall be administered statewide by the department ~~at the fourth grade, eighth grade, and eleventh grade levels~~ pursuant to the provisions of section 22-7-409. The council shall also recommend an acceptable performance level on each such state assessment. Such performance level shall be continuously reexamined.

SECTION 38. 22-7-406 (2) (b) and (3), Colorado Revised Statutes, 1995 Repl. Vol., as enacted by House Bill 97-1219, enacted at the First Regular Session of the Sixty-first General Assembly, are amended to read:

22-7-406. Adoption of state model content standards, state assessments, and timelines - resource bank. (2) On or before September 15, 1995, the board, after careful consideration of the recommendations of the council and in consultation with the commission and the joint budget committee, shall adopt timelines:

(b) Specifying the time by which districts shall begin to assess students IN THE SUBJECT AREAS THAT ARE NOT TESTED BY THE STATE PURSUANT TO SECTION 22-7-409. ~~The timeline shall require student assessments to be administered as follows: In the first year, assessments shall be administered to students in the fourth grade level; in the second year, assessments shall be administered to students in the fourth and eighth grade levels; in the third year and in each year thereafter, assessments shall be administered to students in the fourth, eighth, and eleventh grade levels.~~

(3) On or before June 1, 1996, the board, after careful consideration of the recommendations of the council, shall adopt state assessments IN THE AREAS OF READING, WRITING, MATHEMATICS, AND SCIENCE which are aligned with the state model content standards and shall specify an acceptable performance level on each such state assessment. Such performance level shall be continuously reexamined. In addition, the board may, at its discretion, adopt additional performance levels.

SECTION 39. 22-7-407 (2) (b) and (2) (c), Colorado Revised Statutes, 1995 Repl. Vol., as enacted by House Bill 97-1219, enacted at the First Regular Session of the Sixty-first General Assembly, are amended to read:

22-7-407. Adoption of content standards by districts. (2) Following adoption of content standards pursuant to this section, the district shall develop a plan for:

(b) Developing assessments ~~which~~ THAT will adequately measure each student's progress toward and achievement of the adopted content standards FOR THE SUBJECT AREAS THAT ARE NOT TESTED BY THE STATE PURSUANT TO SECTION 22-7-409, including specification of an acceptable performance level. Such performance level shall be continuously reexamined.

(c) Administering assessments developed pursuant to paragraph (b) of this subsection (2) to students; ~~at the fourth, eighth, and eleventh grade levels and, at the district's discretion, at other grade levels;~~

SECTION 40. Funding for statewide assessment program for 1996-97 and

1997-98 fiscal years. (1) 1996-97 funding. For the 1996-97 fiscal year, the department of education, for the implementation of the Colorado student assessment program pursuant to section 22-53-409, Colorado Revised Statutes, may use those moneys appropriated to the department in House Bill 96-1366 for the 1996-97 fiscal year that would otherwise revert to the state general fund or be transferred to the schools of choice fund and the Colorado comprehensive health education fund pursuant to section 22-54-114 (3), Colorado Revised Statutes, at the conclusion of the 1996-97 fiscal year; except that the amount of such moneys used for the implementation of the program shall not exceed one million six hundred thousand dollars (\$1,600,000). The department of education may transfer said moneys between funds to the extent necessary for the implementation of this section.

(2) **1997-98 funding.** Of the amount appropriated by the general assembly in Senate Bill 97-215 for school finance, total program, for the 1997-98 fiscal year, one million eight hundred thousand (\$1,800,000) of such amount, or so much thereof as may be necessary, may be expended by the department of education in implementing the Colorado student assessment program pursuant to section 22-7-409, Colorado Revised Statutes. If the remainder of the appropriation is not sufficient to fund the state's share of total program funding for the 1997-98 fiscal year, the department of education shall withhold amounts from school districts in the manner provided in section 22-54-106 (4) (c), Colorado Revised Statutes.

SECTION 41. Appropriations - adjustments to the 1997 long bill. (1) For the implementation of this act, appropriations made in the annual general appropriation act for the fiscal year beginning July 1, 1997, shall be adjusted as follows:

(a) The appropriation made to the department of education, public school finance, total program, is decreased by nine million two hundred thirty-seven thousand four hundred eighty-five dollars (\$9,237,485). Said sum shall be from the general fund.

(b) The appropriation made to the department of education, public school finance, total program, is increased by fifteen million four hundred thirty-two thousand six hundred three dollars (\$15,432,603). Of said sum, nine million twenty-five thousand eight hundred seventy-two dollars (\$9,025,872) shall be from cash funds exempt interest earned on moneys in the public school fund, and six million four hundred six thousand seven hundred thirty-one dollars (\$6,406,731) shall be from reserves in school lands and federal mineral lease revenues.

(c) The appropriation made to the department of education, public school finance, special education - children with disabilities, is increased by four million seven hundred thirty-seven thousand four hundred eighty-five dollars (\$4,737,485). Said sum shall be from the general fund.

(d) The appropriation made to the department of education, public school finance, special education - gifted and talented children, is increased by one million dollars (\$1,000,000). Said sum shall be from the general fund.

(2) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of education, three million five hundred thousand dollars (\$3,500,000), or so much

thereof as may be necessary, for the expelled student services grant program created in the department of education by section 22-33-205, Colorado Revised Statutes.

SECTION 42. Effective date. This act shall take effect upon passage; except that:

(a) Section 21 of this act shall not take effect if section 24-51-401 (1.7), Colorado Revised Statutes, is amended by House Bill 97-1082 and said House Bill is enacted at the First Regular Session of the Sixty-first General Assembly and becomes law. If section 21 does take effect, it shall take effect on July 1, 1997.

(b) Sections 35 through 39 shall only take effect if House Bill 97-1219, enacted at the First Regular Session of the Sixty-first General Assembly becomes law. If sections 35 through 39 do take effect, they shall take effect at the same time House Bill 97-1219 takes effect.

SECTION 43. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 30, 1997