CHAPTER 246

EDUCATION - PUBLIC SCHOOLS

HOUSE BILL 10-1369

BY REPRESENTATIVE(S) Scanlan and Pommer, Kagan, Labuda; also SENATOR(S) Bacon.

AN ACT

CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND MAKING AN Appropriation THEREFOR.

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

SECTION 1. 22-54-104 (5) (a), Colorado Revised Statutes, 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) (XVII) For the 2010-11 budget year, the statewide base per pupil funding shall be $5,529.71, which is an amount equal to $5,507.68 supplemented by $22.03, to account for inflation plus an additional one percentage point.

SECTION 2. The introductory portion to 22-54-104 (2) (a) (IX), Colorado Revised Statutes, is amended to read:

22-54-104. District total program. (2) (a) (IX) Except as otherwise provided in this subsection (2), PARAGRAPH (g) OF SUBSECTION (5) OR subsection (6) of this section, or section 22-54-104.3, a district's total program for the 2009-10 budget year and budget years thereafter shall be the greater of the following:

SECTION 3. 22-54-104 (5), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

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

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.
(g) (I) For the 2010-11 and 2011-12 budget years, the General Assembly determines that stabilization of the State budget requires a reduction in the amount of the annual appropriation to fund the State's share of total program funding for all districts and the funding for institute charter schools. Therefore, for the 2010-11 and 2011-12 budget years, the Department of Education and the staff of the Legislative Council shall determine, based on budget projections, the amount of such reduction to ensure that the sum of the total program funding for all districts, including the funding for institute charter schools, for the 2010-11 and 2011-12 budget years is not less than five billion four hundred thirty-eight million two hundred ninety-five thousand eight hundred twenty-three dollars, which is two hundred sixty million dollars less than the sum of the initial total program funding for all districts, including the funding for institute charter schools, for the 2009-10 budget year; 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 ensure that the total program funding for each of the 2010-11 and 2011-12 budget years does not exceed two hundred sixty million dollars less than the sum of the initial total program funding for all districts, including funding for institute charter schools, for the 2009-10 budget year. The Department of Education shall implement the reduction in total program funding through the application of a State budget stabilization factor as provided in this paragraph (g).

(II) For the 2010-11 and 2011-12 budget years, the Department of Education shall:

(A) Calculate the State budget stabilization factor for the 2010-11 and 2011-12 budget years by dividing the reduction in total program funding for the 2010-11 or 2011-12 budget year, as applicable, as specified in subparagraph (I) of this paragraph (g), by the sum of the total program funding amounts of all districts, including the funding for institute charter schools, for the 2010-11 or 2011-12 budget year, as applicable; and

(B) Calculate each district's and each institute charter school's State budget stabilization reduction amount by multiplying the State budget stabilization factor by the district's total program funding calculated pursuant to subsection (2) of this section for the 2010-11 or 2011-12 budget year, as applicable, for the district and for any institute charter school located within the district.

(III) For the 2010-11 and 2011-12 budget years, except as otherwise provided in subparagraphs (IV) and (V) of this paragraph (g), a district's total program shall be the greater of:

(A) The amount calculated pursuant to subsection (2) of this section
FOR THE 2010-11 OR 2011-12 BUDGET YEAR, AS APPLICABLE, INCLUDING FUNDING FOR ANY INSTITUTE CHARTER SCHOOL LOCATED WITHIN THE DISTRICT, MINUS THE DISTRICT'S STATE BUDGET STABILIZATION REDUCTION AMOUNT FOR THE 2010-11 OR 2011-12 BUDGET YEAR, AS APPLICABLE; OR

(B) AN AMOUNT EQUAL TO THE BASE PER PUPIL FUNDING AMOUNT SPECIFIED IN PARAGRAPH (a) OF SUBSECTION (5) OF THIS SECTION FOR THE 2010-11 OR 2011-12 BUDGET YEAR, AS APPLICABLE, MULTIPLIED BY THE DISTRICT'S FUNDED PUPIL COUNT FOR THE 2010-11 OR 2011-12 BUDGET YEAR, AS APPLICABLE.

(IV) FOR THE 2010-11 AND 2011-12 BUDGET YEARS, THE TOTAL PROGRAM FUNDING FOR A DISTRICT THAT LEVIES THE NUMBER OF MILLS CALCULATED PURSUANT TO SECTION 22-54-106 (2) (a) (II) SHALL BE THE AMOUNT CALCULATED PURSUANT TO SUBSECTION (2) OF THIS SECTION FOR THE 2010-11 OR 2011-12 BUDGET YEAR, AS APPLICABLE. ANY SUCH DISTRICT SHALL USE THE REVENUES GENERATED BY THE NUMBER OF MILLS THAT THE DISTRICT LEVIES PURSUANT TO SECTION 22-54-106 (2) (a) (II) TO REPLACE ANY CATEGORICAL PROGRAM SUPPORT FUNDS THAT THE DISTRICT WOULD OTHERWISE BE ELIGIBLE TO RECEIVE FROM THE STATE; EXCEPT THAT THE AMOUNT OF CATEGORICAL PROGRAM SUPPORT FUNDS THAT THE DISTRICT IS REQUIRED TO REPLACE SHALL NOT EXCEED AN AMOUNT EQUAL TO THE DISTRICT'S STATE BUDGET STABILIZATION REDUCTION AMOUNT. THE DEPARTMENT SHALL USE THE AMOUNT OF CATEGORICAL PROGRAM SUPPORT FUNDS REPLACED BY PROPERTY TAX REVENUE PURSUANT TO THIS SUBPARAGRAPH (IV) TO MAKE PAYMENTS OF CATEGORICAL PROGRAM SUPPORT FUNDS TO ELIGIBLE DISTRICTS AS SPECIFIED IN SECTION 22-54-107 (4).

(V) FOR THE 2010-11 AND 2011-12 BUDGET YEARS, IF A DISTRICT LEVIES THE NUMBER OF MILLS CALCULATED PURSUANT TO SECTION 22-54-106 (2) (a) (I) AND THE DISTRICT'S STATE BUDGET STABILIZATION REDUCTION AMOUNT EXCEEDS THE DISTRICT'S STATE SHARE OF TOTAL PROGRAM FUNDING, SUCH DISTRICT'S TOTAL PROGRAM FUNDING SHALL BE THE AMOUNT CALCULATED PURSUANT TO SUBSECTION (2) OF THIS SECTION FOR THE 2010-11 OR 2011-12 BUDGET YEAR, AS APPLICABLE, MINUS THE DISTRICT'S STATE AID. ANY SUCH DISTRICT SHALL USE THE REVENUES GENERATED BY THE NUMBER OF MILLS THAT THE DISTRICT LEVIES PURSUANT TO SECTION 22-54-106 (2) (a) (I) TO REPLACE ANY CATEGORICAL PROGRAM SUPPORT FUNDS THAT THE DISTRICT WOULD OTHERWISE BE ELIGIBLE TO RECEIVE FROM THE STATE; EXCEPT THAT THE AMOUNT OF CATEGORICAL PROGRAM SUPPORT FUNDS THAT THE DISTRICT IS REQUIRED TO REPLACE SHALL NOT EXCEED AN AMOUNT EQUAL TO THE REMAINDER OF THE DISTRICT'S STATE BUDGET STABILIZATION REDUCTION AMOUNT AFTER THE REDUCTION TO THE DISTRICT'S TOTAL PROGRAM HAS BEEN APPLIED PURSUANT TO THIS SUBPARAGRAPH (V). THE DEPARTMENT SHALL USE THE AMOUNT OF CATEGORICAL PROGRAM SUPPORT FUNDS REPLACED BY PROPERTY TAX REVENUE PURSUANT TO THIS SUBPARAGRAPH (V) TO MAKE PAYMENTS OF CATEGORICAL PROGRAM SUPPORT FUNDS TO ELIGIBLE DISTRICTS AS SPECIFIED IN SECTION 22-54-107 (4).

SECTION 4. 22-54-104 (4.5) (c) and (4.7), Colorado Revised Statutes, are amended to read:

22-54-104. District total program.  (4.5) A district's on-line funding shall be determined in accordance with the following formulas:
(c) (I) For the 2007-08 budget year and budget years thereafter, a district's on-line funding shall be:

\[(\text{District on-line pupil enrollment } \times 6,135)\]

(II) Subject to the provisions of subparagraph (III) of this paragraph (c), for the 2008-09 budget year and budget years thereafter, the dollar amount set forth in subparagraph (I) of this paragraph (c) shall be increased by the percentage by which the statewide base per pupil funding for that budget year, as specified in paragraph (a) of subsection (5) of this section, is increased over the statewide base per pupil funding for the 2007-08 budget year, as specified in subparagraph (XIV) of paragraph (a) of subsection (5) of this section. Such amount shall be rounded to the nearest dollar.

(III) In any budget year in which the provisions of paragraph (g) of subsection (5) of this section apply, the Department of Education shall calculate a district's state budget stabilization reduction amount for on-line funding by multiplying the state budget stabilization factor calculated for the applicable budget year pursuant to subparagraph (A) of subparagraph (II) of paragraph (g) of subsection (5) of this section by the district's on-line funding calculated pursuant to subparagraph (II) of this paragraph (c) for the applicable budget year. A district's on-line funding for the applicable budget year shall be the greater of:

(A) The district's on-line funding amount calculated for the applicable budget year pursuant to subparagraph (II) of this paragraph (c) minus the district's state budget stabilization reduction amount calculated for the applicable budget year pursuant to this subparagraph (III) for on-line funding; or

(B) An amount equal to the base per pupil funding amount specified in paragraph (a) of subsection (5) of this section for the applicable budget year multiplied by the district's on-line pupil enrollment for the applicable budget year.

(4.7) (a) For the 2009-10 budget year and budget years thereafter, a district's ASCENT program funding shall be determined in accordance with the following formula:

\[(\text{District ASCENT program pupil enrollment } \times 6,135, \text{ or an amount determined pursuant to paragraph (b) of this subsection (4.7))}\]

(b) Subject to the provisions of paragraph (c) of this subsection (4.7), for the 2010-11 budget year and budget years thereafter, the dollar amount set forth in paragraph (a) of this subsection (4.7) shall be increased by the percentage by which the statewide base per pupil funding for that budget year, as specified in paragraph (a) of subsection (5) of this section, is increased over the statewide base per pupil funding for the 2007-08 budget year, as specified in subparagraph (XIV) of paragraph (a) of subsection (5) of this section. The amount shall be rounded to the nearest dollar.
(c) In any budget year in which the provisions of paragraph (g) of subsection (5) of this section apply, the Department of Education shall calculate a district's state budget stabilization reduction amount for Ascent program funding by multiplying the state budget stabilization factor calculated for the applicable budget year pursuant to sub-subparagraph (A) of subparagraph (II) of paragraph (g) of subsection (5) of this section by the amount of the district's Ascent program funding calculated pursuant to paragraph (b) of this subsection (4.7) for the applicable budget year. A district's Ascent program funding for the applicable budget year shall be the greater of:

(I) The district's Ascent program funding calculated for the applicable budget year pursuant to paragraph (b) of this subsection (4.7) minus the district's state budget stabilization reduction amount calculated for the applicable budget year pursuant to this paragraph (c) for Ascent program funding; or

(II) An amount equal to the base per pupil funding amount specified in paragraph (a) of subsection (5) of this section for the applicable budget year multiplied by the district's Ascent program pupil enrollment for the applicable budget year.

SECTION 5. 22-54-106 (2) (a) (II), Colorado Revised Statutes, is amended to read:

22-54-106. Local and state shares of district total program. (2) (a) Except as provided in paragraph (c) of this subsection (2), for reorganized districts, for the 2007 property tax year and property tax years thereafter, each district shall levy the lesser of:

(II) (A) Subject to the provisions of sub-subparagraph (B) of this subparagraph (II), the number of mills that will generate property tax revenue in an amount equal to the district's total program for the applicable budget year minus the district's minimum state aid, if applicable for that budget year, and minus the amount of specific ownership tax revenue paid to the district.

(B) Regardless of the applicability of Section 22-54-104 (5) (g), for the purposes of this subparagraph (II), a district's total program shall be the amount calculated pursuant to section 22-54-104 (2).

SECTION 6. 22-54-107, Colorado Revised Statutes, is amended by the addition of a new subsection to read:

22-54-107. Buy-out of categorical programs. (4) In a budget year in which the provisions of section 22-54-104 (5) (g) apply, the Department shall use the amount of categorical program support funds replaced by property tax revenue pursuant to the provisions of section 22-54-104 (5) (g) (IV) and (5) (g) (V) to make payments of categorical program support funds to eligible districts as specified in subsection (2) of this section.

SECTION 7. 22-54-108 (3) (b) (II) and (3) (b) (III), Colorado Revised Statutes,
are amended to read:

22-54-108. Authorization of additional local revenues. 
(3) (b) (II) (A) Effective July 1, 2002, and subject to the provisions of sub-subparagraph (B) of this subparagraph (II), the total additional local property tax revenues that may be received pursuant to elections held pursuant to this section shall not exceed under any circumstances twenty percent of the district's total program, as determined pursuant to section 22-54-104 (2), or two hundred thousand dollars, whichever is greater, plus an amount equal to the maximum dollar amount of property tax revenue that the district could have generated for the 2001-02 budget year if, in accordance with the provisions of section 22-54-107.5, the district submitted a question to and received approval of the eligible electors of the district at an election held in November 2001.

(B) Regardless of the applicability of section 22-54-104 (5) (g), for the purposes of this subparagraph (II), a district's total program shall be the amount calculated pursuant to section 22-54-104 (2).

(III) (A) On and after May 21, 2009, and subject to the provisions of sub-subparagraph (B) of this subparagraph (III), for any district that meets the requirements of subsection (4) of this section, the total additional local property tax revenues that may be received pursuant to an election held pursuant to this section shall not exceed under any circumstances twenty-five percent of the district's total program, as determined pursuant to section 22-54-104 (2), or two hundred thousand dollars, whichever is greater, plus an amount equal to the maximum dollar amount of property tax revenue that the district could have generated for the 2001-02 budget year if, in accordance with the provisions of section 22-54-107.5, the district submitted a question to and received approval of the eligible electors of the district at an election held in November 2001.

(B) Regardless of the applicability of section 22-54-104 (5) (g), for purposes of this subparagraph (III), a district's total program shall be the amount calculated pursuant to section 22-54-104 (2).

SECTION 8. 22-54-103 (7) (e), Colorado Revised Statutes, is amended by the addition of a new subparagraph to read:

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

(7) "Funded pupil count" means:

(e) (V) Notwithstanding any provision of law to the contrary, for the 2010-11 budget year and each budget year thereafter, for the purposes of this paragraph (e), a district's pupil enrollment for the applicable budget year and a district's pupil enrollment for any preceding budget year shall not include any pupil who is or was enrolled in a charter school that was originally authorized by the district but was subsequently converted, on or after July 1, 2010, to an institute charter school or to a charter school of a district contiguous to the originally authorizing district.
SECTION 9. 22-41-102 (3) (a), Colorado Revised Statutes, is amended to read:

22-41-102. Fund inviolate. (3) (a) Except as provided in paragraph (b) of this subsection (3), FOR THE 2010-11 STATE FISCAL YEAR AND EACH STATE FISCAL YEAR THEREAFTER, THE FIRST ELEVEN MILLION DOLLARS OF any interest or income earned on the investment of the moneys in the public school fund other than interest and income credited to the public school capital construction assistance fund created in section 22-43.7-104 (1) pursuant to section 22-43.7-104 (2) (b) (I) shall BE CREDITED TO THE STATE PUBLIC SCHOOL FUND CREATED IN SECTION 22-54-114 FOR DISTRIBUTION AS PROVIDED BY LAW. ANY AMOUNT OF SUCH INTEREST AND INCOME EARNED ON THE INVESTMENT OF THE MONEYS IN THE STATE PUBLIC SCHOOL FUND IN EXCESS OF ELEVEN MILLION DOLLARS, OTHER THAN INTEREST AND INCOME CREDITED TO THE PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND CREATED IN SECTION 22-43.7-104 (1) PURSUANT TO SECTION 22-43.7-104 (2) (b) (I), SHALL remain in the fund and shall become part of the principal of the fund.

SECTION 10. 36-1-116 (1) (a) (II) (A), Colorado Revised Statutes, is amended to read:

36-1-116. Disposition of rentals, royalties, and timber sale proceeds. (1) (a) (II) (A) Except as provided in sub-subparagraph (B) of this subparagraph (II), for the 2008-09 2010-11 state fiscal year and each state fiscal year thereafter, the first eleven million dollars of proceeds received by the state for the sale of timber on public school lands, rental payments for the use and occupation of the surface of said lands, and rentals or lease payments for sand, gravel, clay, stone, coal, oil, gas, geothermal resources, gold, silver, or other minerals on said lands other than proceeds, rentals, and payments allocated to the state land board trust administration fund pursuant to section 36-1-145 (3) or credited to the public school capital construction assistance fund created in section 22-43.7-104 (1), C.R.S., pursuant to section 22-43.7-104 (2) (b) (I), C.R.S., shall be credited to the public school income fund for distribution as provided by law. Any amount of such proceeds, rentals, and payments received by the state during the fiscal year in excess of eleven million dollars shall be credited to the permanent school fund and shall become part of the principal of the permanent school fund.

SECTION 11. Appropriation - adjustments to the 2010 long bill. (1) For the implementation of this act, appropriations made in the annual general appropriation act to the department of education for the fiscal year beginning July 1, 2010, shall be adjusted as follows:

(a) The cash funds appropriation for management and administration, reprinting and distributing laws concerning education, is decreased by thirty-five thousand four hundred eighty dollars ($35,480). Said sum shall be from rental income earned on public school lands that is credited to the state public school fund pursuant to section 36-1-116 (1) (a), Colorado Revised Statutes.

(b) The cash funds appropriation for management and administration, reprinting and distributing laws concerning education, is increased by thirty-five thousand four hundred eighty dollars ($35,480). Said sum shall be from interest or income earned on the investment of the moneys in the public school fund that is credited to the state public school fund pursuant to section 22-41-102 (3) (a), Colorado Revised
(c) The general fund appropriation for public school finance, state share of districts’ total program funding, is decreased by three hundred sixty-three million four hundred seventy-six thousand four hundred fifty-four dollars ($363,476,454).

(d) The cash funds appropriation for public school finance, state share of districts’ total program funding, is decreased by eight million four hundred ninety-one thousand eight hundred seventy-six dollars ($8,491,876). Said sum shall be from rental income earned on public school lands that is credited to the state public school fund pursuant to section 36-1-116 (1) (a), Colorado Revised Statutes.

(e) The cash funds appropriation for public school finance, state share of districts’ total program funding, is increased by eight million four hundred ninety-one thousand eight hundred seventy-six dollars ($8,491,876). Said sum shall be from interest or income earned on the investment of the moneys in the public school fund that is credited to the state public school fund pursuant to section 22-41-102 (3) (a), Colorado Revised Statutes.

(f) The cash funds appropriation for public school finance, hold-harmless full-day kindergarten funding, is decreased by four hundred eighty-seven thousand nine hundred sixty-four dollars ($487,964). Said sum shall be from the state education fund created in section 17 (4) (a) of article IX of the state constitution.

(g) The cash funds appropriation for grant programs, distributions, and other assistance, state match for school lunch program, is decreased by two million four hundred seventy-two thousand six hundred forty-four dollars ($2,472,644). Said sum shall be from rental income earned on public school lands that is credited to the state public school fund pursuant to section 36-1-116 (1) (a), Colorado Revised Statutes.

(h) The cash funds appropriation for grant programs, distributions, and other assistance, state match for school lunch program, is increased by two million four hundred seventy-two thousand six hundred forty-four dollars ($2,472,644). Said sum shall be from interest or income earned on the investment of the moneys in the public school fund that is credited to the state public school fund pursuant to section 22-41-102 (3) (a), Colorado Revised Statutes.

(i) The cash funds appropriation for grant programs, distributions, and other assistance, facility school funding, is decreased by one million one hundred twenty thousand nine hundred twenty-three dollars ($1,120,923). Said sum shall be from the state education fund created in section 17 (4) (a) of article IX of the state constitution.

(j) The general fund appropriation for the Colorado school for the deaf and the blind, school operations, is increased by eighty-five thousand three hundred thirty-four dollars ($85,334).

(k) The appropriation for the Colorado school for the deaf and the blind, school operations, is decreased by eighty-five thousand three hundred thirty-four dollars ($85,334). Said sum shall be from reappropriated funds transferred from the annual
appropriation for facility school funding.

(2) For the implementation of this act, appropriations made in the annual general
appropriation act to the department of human services for the fiscal year beginning
July 1, 2010, shall be adjusted as follows:

(a) The general fund appropriation for mental health and alcohol and drug abuse
services, mental health institutes, educational programs, is increased by thirteen
thousand four hundred thirty-nine dollars ($13,439).

(b) The appropriation for mental health and alcohol and drug abuse services,
mental health institutes, educational programs, is decreased by thirteen thousand
four hundred thirty-nine dollars ($13,439). Said sum shall be from reappropriated
funds transferred from the annual appropriation to the department of education for
facility school funding.

SECTION 12. 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: May 21, 2010