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0388 Committee on School Finance

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Committee on School Finance

**Report to the
COLORADO
LEGISLATIVE COUNCIL**

**Colorado Legislative Council
Research Publication No. 388
December 1993**

RECOMMENDATIONS FOR 1994

COMMITTEE ON SCHOOL FINANCE

**Report to the
Colorado General Assembly**

**Research Publication No. 388
December 1993**

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December 8, 1993

To Members of the Fifty-ninth Colorado General Assembly:

Submitted herewith is the report of the 1993 Interim Committee on School Finance. House Bill 93-1246 directed the Executive Committee of the Legislative Council to, in the absence of the adoption of a study resolution during the regular session, determine the interim studies and provide for the conduct of such studies. The Interim Committee Study Resolution adopted by the Executive Committee of the Legislative Council on May 25, 1993, created the Interim Committee on School Finance. In accordance with the resolution, the committee reported its recommendations to the Legislative Council on November 15, 1993.

Respectfully submitted,

Representative Paul D. Schauer
Chair, Colorado Legislative Council

PS/DG/bj

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COMMITTEE ON SCHOOL FINANCE

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Senator Al Meiklejohn
Senator Jana Mendez
Senator Linda Powers
Senator Jim Rizzuto
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EXECUTIVE SUMMARY

The Interim Committee on School Finance recommended three bills and one joint resolution for consideration by the Legislative Council. On November 15, 1993, the four legislative measures summarized below were approved by the Legislative Council.

Committee Charge

The committee was charged with conducting a complete and thorough examination of the current school finance act and suggesting changes and improvements to the state's public school financing system.

Committee Activities

The committee held public meetings and had discussions which drew upon staff research, expert testimony, and comments from school districts and the general public to address the specific provisions in its charge.

Committee Recommendations

Bill 1 — School District Bonded Indebtedness. Bill 1 provides that the adoption of the Taxpayer's Bill of Rights (TABOR; Article X, Section 20, Colorado Constitution) does not affect or impair school district bonded indebtedness authorized at elections held prior to November 4, 1992 and that debt-related mill levies may change to produce the amount necessary to make principal and interest payments on the bonds.

Bill 2 — Excellent Schools Program. Bill 2 changes awards of the Excellent Schools Program from districts to schools and eliminates awards to districts and school or district personnel.

Bill 3 — Public School Finance Act of 1994. Bill 3 repeals the Public School Finance Act of 1988 and creates the Public School Finance Act of 1994. The 1994 act eliminates the setting categories that currently are the basis for school district funding and bases school district funding on a statewide base per pupil funding amount adjusted by additional costs attributable to size, cost of living, personnel expenditures, and at-risk students.

Joint Resolution 1 — Equalization of Federal Impact Aid. Joint Resolution 1 describes federal impact aid (PL 81-874 funds) and begins the federal approval process for considering such funds in the state's school finance funding decisions.

COMMITTEE ON SCHOOL FINANCE REPORT

Committee Charge

The Interim Committee on School Finance was established on May 25, 1993, with the adoption of the Interim Committee Study Resolution of the Executive Committee of the Legislative Council. The study resolution directed the 20-member committee to undertake a study of school finance which specifically involves an examination of the following:

- the Colorado Boards of Cooperative Services regional education service plans;
- the impact of Section 20 of Article X of the state constitution on the Public School Finance Act of 1988 and the need for statutory changes to deal with that impact;
- whether all school district funding sources should be taken into account in making school finance policy decisions;
- how funding for individual school districts under the 1988 school finance act, or a new act, should account for factors such as: economies of scale; disproportionately high transportation and capital outlay expenditures; characteristics of students that might be indicative of at-risk student populations; the wealth of districts as it affects districts' ability to generate revenue from sources other than the school finance act; and districts' socioeconomic status;
- the impact of additional potential sources of revenue to fund the local share of school finance funding;
- whether categorical aid programs should be combined with school finance funding; and
- constitutional amendments that may be needed to remove impediments to the General Assembly's ability to make school finance policy decisions.

In conducting its study, the interim committee was directed to take into consideration the final report of the Legislative Council staff relating to school district setting categories. Issuance of a committee report and presentation of recommended legislation to the Legislative Council was required on or before November 15, 1993.

Committee Activities and Recommendations

During the interim, the committee heard testimony from state and national experts in order to prepare a framework for the restructuring of the Public School Finance Act of 1988. Testimony was provided on school finance in a national context, including current trends in financing public K-12 education and litigation issues. The Office of Legislative Legal Services (OLLS) provided a review of the General Assembly's historical role in school finance policy, Colorado case law relating to K-12 funding, and the issues surrounding the constitutional requirement for a thorough and uniform system of free public schools. The committee received an explanation of the workings of the 1988 school finance act in the context of the goals of the act. Testimony during the committee's travels to eight different locations in the state (Greeley, Loveland, Durango, Grand Junction, Colorado Springs, Pueblo, Las Animas, and Denver) provided insight as to the components of the 1988 act which are problematic for school districts.

The provisions of Section 20 of Article X of the state constitution (The Taxpayer's Bill of Rights, TABOR, Amendment No. 1) provided a new context within which to examine public school finance in Colorado. The constitutional amendment places limitations on state and school district spending, and it limits the ability of the General Assembly to generate additional revenue for financing public K-12 education. The amendment's restrictions on spending encompass revenue streams of both the state and school districts not previously subject to limitation. The committee devoted portions of its meetings to reviewing the provisions of TABOR, particularly those that impact the shared role of the state and school districts in K-12 funding. The Department of Education presented the results of meetings throughout the state on school district concerns with the constitutional amendment. Because TABOR addresses total school district spending, including revenue which has traditionally been beyond the scope of the school finance act, the committee heard testimony on the various school district revenue sources and on school district expenditure patterns. In addition, information was presented on the programmatic and fiscal aspects of the vocational education, special education, transportation, and increasing enrollment categorical programs. OLLS staff discussed the "Arveschoug limit" (Section 24-75-201.1

(1)(a)(II), C.R.S.), focusing on the provision which requires the General Assembly to reexamine the statutory limit on state general fund appropriations if the financing method for elementary, secondary, or postsecondary education is "significantly" restructured.

The committee allotted considerable time to review of the *Senate Bill 93-87 Setting Category Study* issued by Legislative Council staff in August 1993 (Legislative Council Research Publication No. 378). In this report and its predecessor report published in March 1993 (Legislative Council Research Publication No. 376), the staff of the Legislative Council examined the factors used in establishing the setting categories currently used for funding K-12 education, the characteristics of those categories, and the entire financing mechanism for public education in the context of TABOR. Many of the issues addressed in these reports dovetailed with topics the committee was directed to examine in relation to a restructuring of school finance, including an examination of the need to rewrite the 1988 act, school district economies of scale, characteristics of the districts' pupil populations, and the ability of districts to obtain revenue from sources other than the school finance act. The committee supplemented the information in these reports with input from school district representatives at the regional meetings, information from the Colorado Children's Campaign, and other data sources. The result of the committee's activities in these areas is the proposed Public School Finance Act of 1994. In relation to this proposed act, Legislative Council and Joint Budget Committee staff members examined revenue forecasts, school finance expenditure and enrollment projections, and budget requirements.

The committee discussed mechanisms for allocating revenue to school districts which would enhance academic achievement. Consequently, information was provided to the committee on incentive programs in Colorado and in other states geared toward improving educational achievement. Finally, pursuant to its charge, the committee heard testimony from representatives of boards of cooperative services on the regional educational service plans developed pursuant to Senate Bill 92-41.

The committee recommends three bills and one joint resolution.

Bill 1 — School District Bonded Indebtedness

Bill 1 provides that the adoption of TABOR does not affect or impair school district bonded indebtedness authorized at elections held prior to November 4, 1992. The bill states that a sizeable amount of bonded indebtedness had been approved by school district electors at elections held prior to the adoption of TABOR. In approving the question of incurring bonded indebtedness, the voters acknowledged that the property tax mill levy would be raised or lowered annually to produce the amount necessary to make principal and interest payments on the bonds. Thus, the bill asserts that the purpose of TABOR has been fully satisfied, as the question of incurring bonded indebtedness and the method for paying for such indebtedness has already been approved by voters at elections held prior to November 4, 1992.

As reported by the Department of Education following meetings throughout the state, school districts' primary question relating to TABOR was whether the ability exists to adjust a bond redemption mill levy to raise property taxes in an amount equal to principal and interest payments due when the assessed value of the district changes. The concepts in Bill 1 are similar to those adopted by the General Assembly in Senate Bill 93-130 relating to water activities.

Bill 2 — Excellent Schools Program

Bill 2 directs the focus of the Colorado Excellent Schools Program to schools and eliminates awards to districts and district or school personnel. The bill requires that the Colorado Department of Education make annual financial awards to those schools selected by the department pursuant to the state board rules and regulations for the Excellent Schools Program. The department is required to determine the amount of each award, except that no school may receive a financial award greater than \$50,000. The bill further requires that, when a school receives such an award, the principal, teachers, and full-time support personnel act as a group to determine how the award will be spent. Award moneys may be spent for any lawful purpose including salary bonuses. The bill includes an appropriation to the Excellent Schools Program Fund for the payment of financial awards to school districts for FY 1994-95 of \$200,000.

The bill is recommended as a result of several conclusions by the committee: whereas the goal of public education is to continually improve achievement of Colorado youngsters, the school finance act does not contain a mechanism to reward academic excellence; the school site is the focal point for delivering education services; other

states are focusing on the school site in developing incentive programs; and Colorado currently has an incentive program based on the school site, but financial resources have not been available to make monetary rewards possible. Bill 2 addresses monetary rewards by including a \$200,000 appropriation.

Bill 3 — The Public School Finance Act of 1994

Bill 3 repeals the Public School Finance Act of 1988 and creates the Public School Finance Act of 1994. The proposed act eliminates the setting category concept and its reliance on unit funding and replaces it with individually determined school district per pupil funding amounts. The provisions of the bill are summarized in the following paragraphs. The summary is organized by issue area rather than by section number, although *Colorado Revised Statutes* section numbers are indicated. For a more in-depth discussion of the issue areas presented, minutes of the meetings are available in the offices of the Legislative Council staff. The March and August 1993 setting category study reports (Legislative Council Research Publication Nos. 376 and 378, respectively) may also prove helpful in understanding the genesis of some of the provisions in the act.

Pupil Count (Section 22-54-103). Funding under the proposed school finance act is based on the October enrollment count within the school district budget year. This count replaces the use of the average of the October and February enrollment counts from the prior budget year. The change in the pupil count methodology is incorporated into the bill in response to recommendations received from school districts during the committee's site visits. School district representatives indicated that the in-year count more accurately represents the number of pupils that must be served and, consequently, the staff that must be hired. An estimate of the in-year October 1 pupil count would be used for determining the state appropriation. If necessary, a supplemental appropriation would be requested based on the actual pupil count. With the use of the in-year October count, the increasing enrollment categorical program in the 1988 act is discontinued.

Following the comments of several districts that costs often do not decrease as rapidly as enrollment levels, the bill retains a provision from the current act allowing use of a two-year average for declining enrollment districts. Thus, a district's **funded pupil count** is the greater of: (1) the October 1 enrollment count within the budget year, or (2) the average of the enrollment count within the budget year and the enrollment count for the immediately preceding budget year.

Unlike current law, pupil enrollment is defined to include children enrolled in the state at-risk preschool program and preschoolers receiving special education services. Similar to current law, these children are counted as one-half student.

School District Total Program (Section 22-54-104). Each school district's **total program** is determined by multiplying the district's funded pupil count by the district's per pupil funding level. The district's **per pupil funding** level is the result of the following calculation:

$$((\textit{statewide base per pupil funding} \times \textit{district personnel costs factor} \times \textit{district cost-of-living factor}) + (\textit{statewide base per pupil funding} \times \textit{district nonpersonnel costs factor})) \times \textit{district size factor}$$

This funding formula acknowledges that the cost of providing the same educational services varies by school district, and that these differing costs are due to circumstances beyond an individual school district's control. The formula accommodates these differing cost pressures by identifying a statewide base per pupil funding amount and adjusting that amount to take the cost differences into account. Two factors are recognized as accounting for major differentials in cost: cost of living and district size. The cost-of-living factor is further modified to recognize the portions of district costs affected by cost of living, i.e., personnel costs. Each of these concepts is discussed in the following paragraphs.

Statewide Base Per Pupil Funding. Under Bill 3, the statewide base per pupil funding amount is \$3,324 in FY 1994-95. This per pupil funding amount is the minimum amount allocated to each school district. The funding formula modifies this amount to account for differences among districts in cost of living, the percentage allocated for personnel costs, and enrollment size. Testimony across the state indicated a preference for a guaranteed foundation amount per pupil, rather than the current method of funding on a unit basis.

District Cost-of-Living Factor. Under the bill, a cost-of-living factor is certified by the Legislative Council staff to the Department of Education for each school district based upon the cost-of-living analysis conducted pursuant to the Senate Bill 93-87 setting category study. The cost-of-living factor reflects differences among the state's 176 districts in the costs of housing, goods, and services. The cost-of-living factor so certified is effective for budget years 1994-95 through 1996-97; a new cost-of-living

analysis would be required of the Legislative Council staff for FY 1997-98 and every three years thereafter. The cost-of-living factor is applied only to the percentage of the statewide base per pupil funding amount allocated for personnel costs, or those costs which are affected by a region's cost of living.

District Personnel Costs Factor. The personnel costs factor is formula driven and differs by school district based on enrollment size. This factor, expressed as a percentage and based on historical school district data, increases at a decreasing rate as enrollment increases, from a low of 79.6 percent in a hypothetical district with 0 pupils to 90.5 percent in a district with 30,000 pupils or more. The district personnel costs factor is multiplied by the statewide base per pupil funding amount to determine the portion of the statewide base to which the cost-of-living factor is applied. Each district's *nonpersonnel costs factor* is the difference between 100 percent and the district's personnel costs factor.

The personnel costs formula contained in Bill 3 was derived by examining the percentage of total expenditures that each district spent on salaries, benefits, and purchased services in 1991, the most recent year for which such information is available. This percentage was placed on a graph on the vertical axis and the district's enrollment was placed on the horizontal axis. A lowess curve was used to predict the central tendency of school district personnel costs relative to enrollment.¹ The formula for determining a district's personnel costs factor replicates the lowess line and produces a specific percentage for each enrollment level. The percentage of expenditures for personnel costs was also examined for 1989 and 1990. This process verified that the 1991 data was representative of other years.

District Size Adjustment. Bill 3 includes a formula for calculating a size adjustment for each district. The size adjustment in the proposed legislation mirrors a backwards J curve, in which the smallest enrollment districts receive the largest size adjustment but the size adjustment also increases for the largest districts. For example, a hypothetical district with 0 pupils receives a size adjustment of approximately 162 percent. As enrollment increases, the size adjustment decreases at a decreasing rate until enrollment reaches 17,657 pupils and the size adjustment is 0 percent. The size adjustment increases for districts with enrollments over 17,657 up to a maximum size adjustment of 4.9 percent for districts with 32,193 or more pupils.

The bill also provides that if any district with a funded pupil count of less than 12,000 reorganizes into two or more districts, none of the resulting districts will be allowed to use the size factor. This provision is included to address the concern that

the size adjustment provides an incentive for some districts to remain small and inefficient or an incentive for deconsolidation.

The size adjustment in Bill 3 is designed to accommodate the diseconomies of scale experienced by very small districts and very large districts. The adjustment was identified by examining historical expenditure data in relationship to district enrollment. To compute the size adjustment, each district's total general fund expenditures for 1993-94 were estimated by adjusting actual total general fund expenditures for 1991 — the latest year for which data were available — by the difference between 1991 and 1993-94 school finance act funding. This adjustment was performed to avoid anomalies in the data due to the phase-in of the 1988 act, which was not yet completed in 1991. The total expenditure figures were translated into per pupil amounts. To isolate the differences in expenditures which were based on enrollment size, each district's estimated 1993-94 per pupil expenditures were divided by its cost-of-living factor, eliminating any bias due to the differing costs of living among districts. Finally, \$313 was subtracted from each district's per pupil expenditures because all districts are required to spend at least \$111 per student for instructional supplies and materials and \$202 per student for capital outlay.

After these adjustments, the expenditure data for each district were graphed by the enrollment of the district and a lowess line was fit to show the central tendency of all districts across the state. The formula for determining a district's size adjustment replicates the lowess line showing the expected additional cost associated with each enrollment size.

At-Risk Funding (Sections 22-54-102 and 104). The proposed legislation provides additional revenue for school districts based upon the presence of at-risk youth. An at-risk pupil is defined as a student who is eligible for the federal free lunch program. A district receives at-risk funding equal to 10 percent of its per pupil revenue for each pupil that meets the at-risk definition. In districts where the concentration of at-risk youth exceeds the statewide average, the district's at-risk factor is 10 percent plus two-tenths of a percentage point for each percentage point that the district's at-risk concentration is above the statewide average.

Testimony from education experts as well as from several school district representatives indicated that students who are at-risk of doing poorly in school or dropping out of school require additional attention to help them succeed. The use of eligibility for the federal free lunch program as a proxy for identifying at-risk youth was recommended in the August 1993 setting category study. The 10 percent funding

add-on recommended by the committee is in the range of the additional per pupil funding provided in other states that use free lunch eligibility as a proxy for at risk. An increase in at-risk funding beyond the 10 percent because of unusually high concentrations of at-risk pupils is also a concept employed by some other states.

Hold Harmless (Section 22-54-104). The proposed legislation includes a three-year hold harmless. Under the hold harmless, any district that would receive less revenue per pupil in FY 1994-95 under the new act than was allocated in FY 1993-94 receives the FY 1993-94 revenue per pupil for all students currently enrolled in the district. New students are to be funded at the amount resulting from the formula in the 1994 school finance act. The FY 1993-94 per pupil funding amount includes school finance act funding, specific ownership tax revenue excluding that attributable to an existing bond redemption levy, increasing enrollment funding, and revenue allocated pursuant to House Bill 93-1320. The hold harmless formula for the remaining two years is similar to that under current law and that for FY 1994-95. Increasing enrollment districts will receive the prior year's total program plus formula funding for each pupil of increase. Declining enrollment districts will receive the prior year's per pupil funding for each pupil in the funded pupil count.

Local Share (Section 22-54-106). The bill requires the school district local share to be the proceeds of a property tax levy plus the amount of specific ownership tax received by the district, other than that attributable to an existing bond redemption levy. A school district's mill levy is the lesser of: (1) the prior year's levy; (2) the levy allowed by the property tax revenue limit in Section 20 of Article X of the state constitution; or (3) the levy required to fund the district's total program, including any hold harmless, minus minimum state aid and minus specific ownership tax revenue. For purposes of computing a district's constitutional property tax revenue limit, a district's student enrollment is defined as the district's funded pupil count. The mill levy provisions of the proposed Public School Finance Act of 1994 are very similar to those in the 1988 act.

Bill 3 contains modifications to and specifications about the local share similar to those in current law, including the following: the prohibition on districts certifying a levy in excess of that provided by law; the repercussions of a district certifying a levy less than that required by law; the computation of the state and local shares when a business incentive agreement is involved; the computation of state aid when a district reduces its mill levy to eliminate all or a portion of its property tax carryforward; and the calculation of state aid when a district reduces or ends business personal property taxes pursuant to Section 20, Article X of the state constitution.

State Share (Section 22-54-106). A district's state aid amount, or state share, is the difference between a district's total program and its local share. As with current law, Bill 3 directs the General Assembly to make an annual appropriation to fund the state's share of the total program of all districts. In the event that the appropriation is not sufficient to fully fund the state's share, the Department of Education is directed to submit a request for a supplemental appropriation. In the event a supplemental appropriation is not enacted, the department must reduce state aid to each district based on a percentage reduction in total program. A district's total program cannot be reduced in an amount greater than the state aid received by the district.

Minimum State Aid (Section 22-54-106). At a minimum, each district is allotted in state aid an amount established by the General Assembly in the annual general appropriation act multiplied by the district's funded pupil count. The amount included in the appropriation act is based upon the amount of school lands and mineral lease moneys received by the state. These provisions relating to minimum state aid are similar to those contained in the 1988 school finance act.

Specific Ownership Tax (Sections 22-54-103 and 106 and 22-45-103). Bill 3 requires school districts to use specific ownership tax receipts, excluding those attributable to an existing bond redemption levy, in conjunction with property tax revenue as part of the local share. Specific ownership tax revenue attributable to an existing bond redemption levy must be credited to the bond redemption fund. The inclusion of specific ownership tax revenue within the school finance act is a departure from current practice, and is designed to equalize a significant source of revenue for school districts. The distribution of the specific ownership tax is discussed in depth in both the March and August 1993 setting category reports.

District Overrides (Section 22-54-108). Bill 3 increases the maximum amount of revenue that may be raised with voter approval from 15 percent to 25 percent of a district's formula funding or \$200,000, whichever is greater. As with current law, the question of a property tax increase may originate from the district or may be submitted to voters by the district as a result of a valid initiative petition. The dollar amount approved by the voters under this section, plus any dollar amounts approved under the 1988 act, may not exceed the new 25 percent override limit. Rather than include ballot language for an override election, Bill 3 specifies that elections be conducted in accordance with Section 20 of Article X of the state constitution.

Earmarked Revenue (Section 22-54-105). Similar to current law, the bill requires school districts to allocate \$111 per pupil for instructional supplies and materials and capital outlay and \$202 per pupil for capital reserve, insurance reserve, or any other fund established solely for the management of risk.

Categorical Buyout (Section 22-54-107). The provisions in Bill 3 relating to categorical buyout are consistent with those in the current school finance act. In a district where the levy is less than the prior year's levy, and the proceeds of the levy do not exceed the property tax revenue limitation in Section 20 of Article X of the state constitution, the district is required to levy additional mills to generate an amount equal to categorical support funds. In levying the additional mills, the district's levy cannot exceed the prior year's levy or the district's allowable levy under the property tax revenue limit. Any district that elected to keep its property tax carryforward is required to use the carryforward to offset state categorical support. The amount of categorical aid replaced by property tax revenue is to be used to supplement categorical aid, if necessary, in the following programs: transportation, the English Language Proficiency Act, and the Exceptional Children's Educational Act.

At-Risk Preschoolers (Section 22-28-104; Bill Section 3). The proposed legislation increases the number of children that may be served under the state's preschool program from 2,750 to a maximum of 4,500 in FY 1994-95; 6,500 in FY 1995-96; and 8,500 in FY 1996-97 and thereafter.

Fees (Sections 22-32-117, 116.5, and 118; Bill Sections 4, 5, and 6). The bill requires that any fee collected by a school district for tuition, textbooks or expendable supplies, participation in an interscholastic activity, summer school, or continuing or community education programs be spent only for purposes for which it is collected.

Bonded Debt (Section 22-42-104; Bill Section 7). The proposed legislation changes the limitation on school district bonded debt from 20 percent of assessed valuation to 10 percent of actual value. With the change, the increased percentage for increasing enrollment districts (25 percent of assessed value) is eliminated and all districts are limited to 10 percent of actual value. This change in the law is recommended because declines in assessed value attributable to the drop in the residential assessment rate are impacting the ability of school districts to issue debt.

Relocated Sections of the Public School Finance Act of 1988. Bill 3 incorporates a drafting technique in which provisions of the current school finance act are "relocated" to the 1994 act. The *Colorado Revised Statutes* sections that are being

relocated are primarily technical in nature and thus applicable to any act. Amendments to these sections are indicated in the traditional manner (strike type and capitalization), and any such amendments are conforming or technical in nature.

Joint Resolution 1 — Equalization of Federal Impact Aid

Joint Resolution 1 requests the Colorado Department of Education to begin the federal approval process for Colorado to consider federal impact aid in the distribution of state aid to school districts for FY 1995-96 and thereafter. Federal impact aid is provided to school districts when the tax base of the district is reduced due to acquisition of property by the federal government or the presence of Native American reservations. Aid is also provided when federal projects increase the number of children a district must educate.

States are generally prohibited from considering impact aid payments when determining state aid for school finance purposes. Impact aid payments may be considered, however, if the state's method for funding public education is designed to equalize district expenditures. States that wish to take these funds into consideration for school finance purposes must submit notice of their intent to the Secretary of the United States Department of Education. The resolution requests that the state Department of Education submit an application to the Secretary of Education to begin this approval process. Federal impact aid is discussed in greater detail in the March and August 1993 setting category studies, Legislative Council Research Publications Nos. 376 and 378, respectively.

ENDNOTES

1. Lowess is a statistical smoothing method that employs weighted least squares to fit a curve to a scatter plot. To start, an x -value on the scatter plot is chosen as the point of interest to which a y -value will be matched for the lowess curve. Next, the user establishes a percentage of the total points on the plot that will be used to create a range around the point of interest. So, if there are 40 points on the scatter plot and the user chooses 50 percent, then the nearest 20 points, as measured by their distance along the x -axis from the point of interest, would be used. Weights are then assigned to the points being used, with the nearest point to the x -value of interest receiving the highest weight and the furthest point receiving the lowest weight. A line is then fit by weighted least squares to the points being used. The y -value for the point on the fitted line that corresponds to the chosen x -value is then used as the y -value for the lowess curve at that x -value. At this time, one x,y -point on the lowess curve has been found. A new x -value is chosen, and the process is repeated until the entire lowess curve has been created. The use of a lowess line for determining predicted values was developed during the Senate Bill 93-87 study.

MATERIALS AVAILABLE

Committee Hearings. The 20-member interim committee met in House Committee Room 0112 in the State Capitol on the following dates during the 1993 interim:

- July 12 and 13
- August 23 and 24
- September 13 and 14
- October 12, 28, and 29
- November 10

In addition to its regular meetings, the interim committee conducted education forums throughout the state to provide the members with an opportunity to communicate with educators, school district administrators, and interested persons about local needs to be considered during the drafting of a new school finance act. Eight forums were conducted during August of 1993, as follows:

- Greeley and Loveland, August 10
- Durango and Grand Junction, August 12
- Colorado Springs and Pueblo, August 19
- Las Animas, August 20
- Denver, August 23

Summaries were prepared for each of the committee's meetings and included certain attached items that were referred to during the meetings.

Additional materials. Additional memoranda and meeting handouts were also distributed to the committee members. These additional items are listed below and are on file in the joint legislative library along with the committee's meeting summaries. Also on file are the numerous computer simulations, as specifically noted in the appropriate meeting summaries, which were distributed to the members during meetings on October 28 and 29, and November 10.

School District Revenue & Expenditures

- *School District Revenue and Expenditure Patterns; 1991 Revenue and Expenditures*, Colorado Department of Education, July 13, 1993;
- *School District Transportation Expenditures as a Percent of Total General Fund Expenditures*, Legislative Council staff memorandum, August 4, 1993;
- *Percentage of Total General Fund Expenditures by Function*, Legislative Council staff memorandum, August 4, 1993;
- *School District Expenditures for Instructional Supplies and Materials and Instructional Capital Outlay*, Legislative Council staff memorandum, August 17, 1993;
- *School District Expenditure Data for 1991*, Legislative Council staff memorandum, August 23, 1993; and
- *Comparison of 1981 and 1991 Per Pupil Expenditures in Constant Dollars*, Legislative Council staff memorandum, September 10, 1993.

Examination of the 1988 School Finance Act

- *Legislative Council Staff Report on Senate Bill 93-87 Setting Category Study*, Legislative Council staff, Legislative Council Research Publication No. 378, August 1993; and
- *Per Pupil Funding Changes in Districts that have had Override Elections*, Legislative Council staff memorandum, August 16, 1993.

Special Education

- *Special Education Data Report*, Colorado Department of Education, May 1993;
- Rules and other information concerning the Exceptional Children's Educational Act, Colorado Department of Education;
- *Information on Costs for Service: Children with Severe/Profound Disabilities*, Colorado Department of Education, August 23, 1993;
- *Federal and State Requirements for Special Education*, Legislative Council staff memorandum, January 29, 1993; and

- *Comparison of Funding Methods for Special Education*, Legislative Council staff memorandum, October 22, 1993.

National

- *School Finance Litigation: A Historical Summary*, Education Commission of the States, 1993; and
- *How Much are Schools Spending?: A 50-state Examination of Expenditure Patterns over the Last Decade*, Education Commission of the States, 1993.

Constitutional Considerations

- *What is the Effect of Amendment No. 1 on the General Assembly's Ability to Make School Finance Policy?*, Office of Legislative Legal Services, July 12, 1993;
- *Impact of Amendment No. 1 on School District Mill Levies*, Legislative Council staff memorandum, August 31, 1993;
- *Additional Information on "Thorough and Uniform" Education*, Office of Legislative Legal Services memorandum, October 12, 1993; and
- *Property Tax "Recapture" Provisions*, Office of Legislative Legal Services memorandum, August 21, 1993.

Education Achievement

- *Incentives for Good Schools*, Legislative Council staff memorandum, August 13, 1993;
- *Application for the School Performance Incentive Awards Program*, Colorado Department of Education;
- *Kentucky's Successful Schools Program*, Legislative Council staff memorandum, October 7, 1993; and
- *Follow-up -- Kentucky's Successful Schools Program*, Legislative Council staff memorandum, October 27, 1993.

Other

- Senate Bill 92-41, an executive summary of the Regional Services and Support Plan, and the State Board of Education's report and recommendations on the plan;
- Information packet, Colorado BOCES Association;
- *Ratios of School District Staff to Students and Average Salaries*, Legislative Council staff memorandum, September 7, 1993;
- *Certificated Personnel and Related Information Fall 1992*, Colorado Department of Education, May 1993;
- *Draft Proposed Guiding Principles for a School Finance Act*, Colorado Association of School Boards, August 23, 1993;
- *Recommendations by the Task Force on School Finance*, Colorado Association of School Boards, October 12, 1993;
- *Annual Report Card*, Colorado Children's Campaign, February 1993;
- "What do we get for our school dollars?", *Forbes*, October 12, 1992, p. 92.; and
- *Value Engineering Technical Handbook*, Superintendent of Public Instruction, State of Washington.

BILL 1

A BILL FOR AN ACT

101 CONCERNING THE EFFECT OF SECTION 20 OF ARTICLE X OF THE STATE
102 CONSTITUTION ON SCHOOL DISTRICT BONDED INDEBTEDNESS
103 AUTHORIZED AT ELECTIONS HELD PRIOR TO NOVEMBER 4, 1992.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Interim Committee on School Finance. Provides that section 20 of article X of the state constitution (The Taxpayer's Bill of Rights) does not affect or impair school district bonded indebtedness authorized at elections held prior to November 4, 1992.

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

2 **SECTION 1.** Article 42 of title 22, Colorado Revised Statutes,
3 1988 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
4 SECTION to read:

5 **22-42-128. Effect of article X, section 20 on bonded**
6 **indebtedness authorized prior to November 4, 1992.** (1) THE GENERAL
7 ASSEMBLY HEREBY FINDS AND DECLARES THAT:

8 (a) SECTION 20 (4) OF ARTICLE X OF THE STATE CONSTITUTION
9 PROVIDES THAT, BEGINNING ON NOVEMBER 4, 1992, SCHOOL DISTRICTS

1 MUST HAVE VOTER APPROVAL IN ADVANCE FOR INCREASES IN BONDED
2 INDEBTEDNESS AND PROPERTY TAX MILL LEVIES;

3 (b) A SIZEABLE AMOUNT OF BONDED INDEBTEDNESS HAD BEEN
4 AUTHORIZED BY SCHOOL DISTRICT ELECTORS AT ELECTIONS HELD PURSUANT
5 TO SECTION 22-42-102 PRIOR TO THE ADOPTION OF SECTION 20 OF ARTICLE
6 X;

7 (c) IN APPROVING THE QUESTION OF INCURRING BONDED
8 INDEBTEDNESS, THE VOTERS ACKNOWLEDGED THAT THE BOARD OF
9 EDUCATION OF THE SCHOOL DISTRICT WOULD ANNUALLY CERTIFY THE
10 AMOUNT NEEDED FOR ITS BOND REDEMPTION FUND TO MAKE PRINCIPAL
11 AND INTEREST PAYMENTS ON THE BONDS, THAT A PROPERTY TAX WOULD
12 BE LEVIED ANNUALLY TO PRODUCE SUCH CERTIFIED AMOUNT, AND THAT
13 THE PROPERTY TAX MILL LEVY WOULD BE RAISED OR LOWERED ANNUALLY
14 TO PRODUCE SUCH CERTIFIED AMOUNT;

15 (d) ONCE BONDED INDEBTEDNESS WAS INCURRED, THE VOTERS OF
16 THE DISTRICT, AS WELL AS THE BONDHOLDERS, HAD A REASONABLE
17 EXPECTATION THAT FURTHER VOTER APPROVAL WOULD NOT BE REQUIRED;

18 (e) THE PURPOSE OF SECTION 20 (4) OF ARTICLE X IS TO ALLOW
19 THE ELECTORS OF SCHOOL DISTRICTS TO HAVE A VOICE IN BONDED
20 INDEBTEDNESS INCREASES AND PROPERTY TAX MILL LEVY INCREASES;

21 (f) THE PURPOSE OF SECTION 20 (4) HAS ALREADY BEEN FULLY
22 SATISFIED BECAUSE THE QUESTION OF INCURRING BONDED INDEBTEDNESS,

1 AND THE METHOD FOR PAYING SUCH INDEBTEDNESS THROUGH AN
2 ADJUSTMENT TO THE PROPERTY TAX MILL LEVY, HAS ALREADY BEEN
3 APPROVED BY THE VOTERS AT ELECTIONS HELD PRIOR TO NOVEMBER 4,
4 1992; AND

5 (g) THE PURPOSE OF SECTION 20 (4) WOULD NOT BE FURTHER
6 SATISFIED BY REQUIRING VOTER APPROVAL EACH TIME THE MILL LEVY
7 NEEDS TO BE ADJUSTED TO PRODUCE THE REVENUE NECESSARY TO PAY
8 SCHOOL DISTRICT BONDED INDEBTEDNESS AUTHORIZED AT ELECTIONS HELD
9 PRIOR TO NOVEMBER 4, 1992.

10 (2) BONDED INDEBTEDNESS AUTHORIZED AT ELECTIONS HELD
11 PURSUANT TO SECTION 22-42-102 PRIOR TO NOVEMBER 4, 1992, OR THE
12 REFUNDING OF SUCH BONDED INDEBTEDNESS, WHICH INVOLVE A PROPERTY
13 TAX MILL LEVY OR A PLEDGE OF A PROPERTY TAX MILL LEVY PURSUANT TO
14 SECTION 22-42-118 TO PROVIDE REVENUES TO THE SCHOOL DISTRICT TO
15 MAKE BONDED INDEBTEDNESS PAYMENTS OR TO COVER DEFAULT OR
16 DEFICIENCIES IN BONDED INDEBTEDNESS PAYMENTS, IS NOT AFFECTED OR
17 IMPAIRED BY THE PASSAGE OF SECTION 20 OF ARTICLE X OF THE STATE
18 CONSTITUTION.

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

BILL 2

A BILL FOR AN ACT

101 CONCERNING THE EXCELLENT SCHOOLS PROGRAM, AND MAKING AN
102 APPROPRIATION IN CONNECTION THEREWITH.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Interim Committee on School Finance. Changes the emphasis of the excellent schools program by centering the program on schools rather than districts or district or school personnel. Establishes the maximum financial award at \$50,000. Provides that the decision on how to spend the financial award be determined jointly by the school principal, teachers, and support personnel. Eliminates the automatic repeal of the program in 1995.

Makes an appropriation to fund the excellent schools program for the 1994-95 fiscal year.

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

2 **SECTION 3.** 22-53-208, Colorado Revised Statutes, 1988 Repl.
3 Vol., as amended, is amended to read:

4 **22-53-208. Excellent schools program.** (1) There is hereby
5 established the excellent schools program, referred to in this section as the
6 "program", to be administered by the department of education. The state
7 board shall promulgate reasonable rules and regulations for the

1 administration of this section and the program established pursuant thereto.

2 Such rules and regulations shall include but need not be limited to:

3 (a) Procedures for participation in the program, including standards
4 to qualify for participation in the program;

5 (b) Procedures for establishing goals to be achieved by participating
6 schools ~~and districts~~ and for implementing improvement plans for achieving
7 such goals;

8 (c) Criteria to determine whether or not such goals have been
9 achieved by such schools; ~~and districts~~; and

10 (d) Procedures for providing financial awards to those schools ~~and~~
11 ~~districts~~ that demonstrate outstanding performance in achieving those goals.

12 (2) The rules and regulations for the participation of schools ~~and~~
13 ~~districts~~ IN THE PROGRAM shall include, but need not be limited to, financial
14 awards for outstanding performance in the achievement of established goals
15 in the following categories which the state board may choose to recognize
16 on a regional or a statewide basis or on both a regional basis and a statewide
17 basis:

18 (a) ~~District of the year~~;

19 (b) Senior high school of the year;

20 (c) Junior high school of the year;

21 (d) Middle school of the year;

22 (e) Elementary school of the year.

1 FULL-TIME SUPPORT PERSONNEL, ACTING AS A GROUP, SHALL DETERMINE
2 HOW SUCH AWARD SHALL BE SPENT. THE MONEYS MAY BE SPENT FOR ANY
3 LAWFUL PURPOSE INCLUDING, BUT NOT LIMITED TO, SALARY BONUSES. Any
4 moneys made available to a school ~~or district pursuant to the provisions of~~
5 ~~this section~~ AS A FINANCIAL AWARD shall not supplant moneys OTHERWISE
6 made available to such a school. ~~or district pursuant to part 1 of this article~~
7 ~~or pursuant to the taxing authority of the district.~~ Any moneys made
8 available to any personnel of a school ~~or district pursuant to the provisions~~
9 ~~of this section~~ THROUGH THE DISTRIBUTION OF A FINANCIAL AWARD TO THE
10 SCHOOL shall not supplant moneys made available to such personnel pursuant
11 to a contract entered into under the provisions of the "Teacher Employment,
12 Compensation, and Dismissal Act of 1990", article 63 of this title, or any
13 other contract for employment entered into with a district.

14 (5) The department is hereby authorized to receive contributions
15 from any source, public or private, in order to fund financial awards to
16 schools ~~districts, and personnel~~ pursuant to the program established in this
17 section. All public and private contributions received by the department
18 pursuant to this subsection (5) shall be transmitted to the state treasurer who
19 shall credit the same, in addition to any appropriations made by the general
20 assembly, to the excellent schools program fund, which is hereby created in
21 the state treasury. Moneys in the excellent schools program fund shall be
22 subject to appropriations by the general assembly to the department of

1 (3) ~~The state board shall promulgate rules and regulations for~~
2 ~~identifying outstanding school and district personnel and evaluating the~~
3 ~~relative performance of such personnel and for providing financial awards~~
4 ~~to the most outstanding of such personnel. Such rules and regulations shall~~
5 ~~include, but need not be limited to, financial awards for outstanding~~
6 ~~performance in the following categories which the state board may choose~~
7 ~~to recognize on a regional or a statewide basis, or on both a regional basis~~
8 ~~and a statewide basis:~~
9 (a) ~~Board member of the year;~~
10 (b) ~~Superintendent of the year;~~
11 (c) ~~Administrator of the year;~~
12 (d) ~~Principal of the year; and~~
13 (e) ~~Teacher of the year.~~

14 (4) (a) THE DEPARTMENT OF EDUCATION, IN ACCORDANCE WITH
15 THE RULES AND REGULATIONS OF THE STATE BOARD, SHALL ANNUALLY
16 MAKE FINANCIAL AWARDS TO SCHOOLS PURSUANT TO THE PROVISIONS OF
17 SUBSECTION (2) OF THIS SECTION. THE AMOUNT OF THE FINANCIAL AWARD
18 TO EACH SCHOOL SHALL BE DETERMINED BY THE DEPARTMENT; EXCEPT
19 THAT NO SCHOOL SHALL RECEIVE A FINANCIAL AWARD GREATER THAN
20 FIFTY THOUSAND DOLLARS.

21 (b) WHEN A SCHOOL RECEIVES A FINANCIAL AWARD PURSUANT TO
22 THE PROVISIONS OF THIS SECTION, THE PRINCIPAL, TEACHERS, AND

1 education for purposes of making financial awards pursuant to the provisions
2 of this section. At the end of any fiscal year, all unexpended and
3 unencumbered moneys in the excellent schools program fund shall remain
4 therein and shall not be credited or transferred to the general fund or any
5 other fund. However, in accordance with section 24-36-114, C.R.S., all
6 interest derived from the deposit and investment of this fund shall be credited
7 to the general fund. Any moneys credited to the excellent schools program
8 fund shall be used exclusively for awards and may not be used to pay for the
9 expenses of the department in administering the program established in this
10 section.

11 ~~(6) This section is repealed, effective June 30, 1995.~~

12 **SECTION 4. Appropriation.** In addition to any other
13 appropriation, there is hereby appropriated, out of any moneys in the general
14 fund not otherwise appropriated, to the excellent schools program fund, for
15 the fiscal year beginning July 1, 1994, the sum of two hundred thousand
16 dollars (\$200,000), or so much thereof as may be necessary, for the payment
17 of financial awards to schools pursuant to the excellent schools program
18 established in section 22-53-208, Colorado Revised Statutes.

19 **SECTION 5. Safety clause.** The general assembly hereby finds,
20 determines, and declares that this act is necessary for the immediate
21 preservation of the public peace, health, and safety.

BILL 3

A BILL FOR AN ACT

101 CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND, IN CONNECTION
102 THEREWITH, ENACTING THE "PUBLIC SCHOOL FINANCE ACT OF
103 1994".

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Adopts a new school finance act for the 1994-95 budget year and budget years thereafter. (Section 1) Repeals the "Public School Finance Act of 1988" on July 1, 1994. (Section 2)

Includes within the new school finance formula the following provisions:

(1) Establishes a district's total program to cover the costs of providing a public education to the children within the district. Continues to allow a district discretion in spending such funds except for requiring specified amounts to be budgeted for certain instructional purposes and for capital reserve and insurance reserve.

(2) Determines a district's total program by multiplying the district's per pupil funding by the number of students included in the funded pupil count and then increasing such amount by the district's at-risk funding. Establishes a different formula for determining total program in the 1994-95 through 1996-97 budget years for any district that would receive less per pupil funding in 1994-95 under the new formula than the district received in the 1993-94 budget year, thus "holding the district harmless".

(3) Establishes a statewide base per pupil funding amount of \$3,324 for the 1994-95 budget year.

(4) Determines each individual district's per pupil funding by adjusting the \$3,324 statewide base by a cost of living factor and a size factor which reflect differences in costs among districts caused by location within the state and by number of students. Provides for the certification of a cost of living factor for each of the 176 districts by the legislative council based upon the cost of living analysis conducted pursuant to the SB 93-87

setting category study. Provides for a new analysis every 3 years. Establishes a size factor for each district pursuant to a statutory formula. Applies the cost of living factor only to that percentage of the \$3,324 statewide base that represents salaries and benefits (the personnel costs factor) with the percentage established for each district in accordance with a statutory formula.

(5) Increases a district's "base funding" by an amount to represent additional costs incurred by a district in providing an educational program to "at-risk pupils". Defines at-risk pupils as those students eligible for the federal free lunch program. Increases the district's per pupil funding by 10% for each at-risk pupil with the 10% increased in accordance with a statutory formula in any district with a high concentration of at-risk pupils.

(6) Provides for an "in-year count" of pupils by counting pupils in October within the budget year. Continues the use of a "funded pupil count" for funding purposes to help reduce the impact on funding caused by declining enrollments.

(7) Establishes the local share of school finance funding as the proceeds of a property tax levy for the district plus the amount of specific ownership tax received by a district which is attributable to all property tax levies of the district other than the levies for bonded debt. Sets the property tax levy for each district at the prior year's levy, the levy allowed by the property tax revenue limitation in the state constitution (Amendment #1), or the levy required to fund the district's total program minus minimum state aid and specific ownership tax, whichever is lesser. Establishes the state share of school finance funding as the difference between the district's total program and the local share. Gives all districts a minimum state aid amount per pupil to be established each year in the long bill.

(8) Continues to require certain districts to "buy out" their categorical programs with property tax revenue.

(9) Continues to allow a district to exceed its total program through the raising of additional property tax revenue if the district receives voter approval to do so. Increases the maximum amount that may be raised to 25% of the district's total program (as established under the formula and not the "hold harmless" provision) or \$200,000, whichever is greater. Includes additional revenues approved at elections prior to July 1, 1994 in the calculation of the maximum amount.

Moves certain provisions from the 1988 act to the new school finance act with minimal changes.

Changes the number of children that may be served under the state's preschool program to 4,500 for the 1994-95 budget year, to 6,500 for the 1995-96 budget year, and to 8,500 for the 1996-97 budget year and years thereafter. (Section 3)

Requires any fee collected by a school district for a specified purpose to be spent only for said purpose and not for any other purpose. (Sections 4 to 6)

Changes the limitation on school district bonded debt from 20% of assessed valuation to 10% of actual value. (Section 7)

Requires the amount of specific ownership tax received by a school district which is attributable to property tax mill levies for bonded debt to be recorded in the bond redemption fund. (Section 8)

1 THAT EQUITY CONSIDERATIONS DICTATE THAT ALL DISTRICTS BE SUBJECT TO
2 THE EXPENDITURE AND MAXIMUM LEVY PROVISIONS OF THIS ARTICLE.
3 ACCORDINGLY, THE PROVISIONS OF THIS ARTICLE CONCERNING THE
4 FINANCING OF PUBLIC SCHOOLS FOR BUDGET YEARS BEGINNING ON AND
5 AFTER JULY 1, 1994, SHALL APPLY TO ALL SCHOOL DISTRICTS ORGANIZED
6 UNDER THE LAWS OF THIS STATE.

7 (2) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT
8 IN ENACTING THIS ARTICLE IT HAS ADOPTED A FORMULA FOR THE SUPPORT
9 OF SCHOOLS FOR THE 1994-95 BUDGET YEAR AND BUDGET YEARS
10 THEREAFTER; HOWEVER, THE ADOPTION OF SUCH FORMULA IN NO WAY
11 REPRESENTS A COMMITMENT ON THE PART OF THE GENERAL ASSEMBLY
12 CONCERNING THE LEVEL OF TOTAL FUNDING FOR SCHOOLS FOR THE 1995-96
13 BUDGET YEAR OR ANY BUDGET YEAR THEREAFTER.

14 **22-54-103. Definitions.** AS USED IN THIS ARTICLE, UNLESS THE
15 CONTEXT OTHERWISE REQUIRES:

16 (1) (a) "AT-RISK PUPIL" MEANS A PUPIL ENROLLED IN A DISTRICT
17 WHO IS ELIGIBLE FOR FREE LUNCH PURSUANT TO THE PROVISIONS OF THE
18 FEDERAL "NATIONAL SCHOOL LUNCH ACT".

19 (b) "AT-RISK PUPILS" SHALL BE COUNTED IN THE SAME MANNER
20 AS PUPILS ARE COUNTED PURSUANT TO SUBSECTION (10) OF THIS SECTION.

21 (2) "BOARD OF EDUCATION" MEANS THE BOARD OF EDUCATION OF
22 A DISTRICT.

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

2 **SECTION 6.** Title 22, Colorado Revised Statutes, 1988 Repl.
3 Vol., as amended, is amended BY THE ADDITION OF A NEW ARTICLE
4 CONTAINING RELOCATED PROVISIONS, WITH AMENDMENTS, to
5 read:

6 **ARTICLE 54**

7 **Public School Finance Act of 1994**

8 **22-54-101. Short title.** THIS ARTICLE SHALL BE KNOWN AND MAY
9 BE CITED AS THE "PUBLIC SCHOOL FINANCE ACT OF 1994".

10 **22-54-102. Legislative declaration - statewide applicability.**

11 (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT THIS
12 ARTICLE IS ENACTED IN FURTHERANCE OF THE GENERAL ASSEMBLY'S DUTY
13 UNDER SECTION 2 OF ARTICLE IX OF THE STATE CONSTITUTION TO PROVIDE
14 FOR A THOROUGH AND UNIFORM SYSTEM OF PUBLIC SCHOOLS THROUGHOUT
15 THE STATE; THAT A THOROUGH AND UNIFORM SYSTEM REQUIRES THAT ALL
16 SCHOOL DISTRICTS OPERATE UNDER THE SAME FINANCE FORMULA; AND

1 (3) "BUDGET YEAR" MEANS THE PERIOD BEGINNING ON JULY 1 OF
2 EACH YEAR AND ENDING ON THE FOLLOWING JUNE 30 FOR WHICH A
3 BUDGET FOR A DISTRICT IS ADOPTED.

4 (4) "DEPARTMENT OF EDUCATION" MEANS THE DEPARTMENT OF
5 EDUCATION CREATED IN SECTION 24-1-115, C.R.S.

6 (5) "DISTRICT" MEANS ANY PUBLIC SCHOOL DISTRICT ORGANIZED
7 UNDER THE LAWS OF COLORADO, EXCEPT A JUNIOR COLLEGE DISTRICT.

8 (6) "DISTRICT'S TOTAL PROGRAM" MEANS THE FUNDING FOR A
9 DISTRICT AS DETERMINED PURSUANT TO SECTION 22-54-104 WHICH
10 REPRESENTS THE FINANCIAL BASE OF SUPPORT FOR PUBLIC EDUCATION IN
11 THAT DISTRICT.

12 (7) "FUNDED PUPIL COUNT" MEANS THE GREATER OF:

13 (a) THE DISTRICT'S PUPIL ENROLLMENT FOR THE APPLICABLE
14 BUDGET YEAR; OR

15 (b) THE AVERAGE OF THE DISTRICT'S PUPIL ENROLLMENT FOR THE
16 APPLICABLE BUDGET YEAR AND THE DISTRICT'S PUPIL ENROLLMENT FOR
17 THE IMMEDIATELY PRECEDING BUDGET YEAR.

18 (8) "JOINT DISTRICT" MEANS A DISTRICT WHICH IS LOCATED IN
19 MORE THAN ONE COUNTY.

20 (9) "PER PUPIL OPERATING REVENUES" MEANS THE DISTRICT'S
21 TOTAL PROGRAM FOR ANY BUDGET YEAR DIVIDED BY THE DISTRICT'S
22 FUNDED PUPIL COUNT FOR SAID BUDGET YEAR, MINUS THE MINIMUM

1 AMOUNT PER PUPIL REQUIRED BY SECTION 22-54-105 TO BE TRANSFERRED
2 FROM THE GENERAL FUND TO THE CAPITAL RESERVE FUND AND INSURANCE
3 RESERVE FUND.

4 (10) (a) "PUPIL ENROLLMENT" MEANS THE NUMBER OF PUPILS
5 ENROLLED ON OCTOBER 1 WITHIN THE APPLICABLE BUDGET YEAR OR THE
6 SCHOOL DAY NEAREST SAID DATE, AS EVIDENCED BY THE ACTUAL
7 ATTENDANCE OF SUCH PUPILS PRIOR TO SAID DATE.

8 (b) A PUPIL ENROLLED IN KINDERGARTEN AND A PUPIL WITH A
9 DISABILITY RECEIVING AN EDUCATIONAL PROGRAM UNDER THE
10 "EXCEPTIONAL CHILDREN'S EDUCATIONAL ACT", ARTICLE 20 OF THIS
11 TITLE, WHO WOULD BE IN KINDERGARTEN BUT FOR SUCH DISABILITY, SHALL
12 BE COUNTED AS ONE HALF-DAY PUPIL. A PUPIL WITH A DISABILITY
13 RECEIVING A FULL-DAY EDUCATIONAL PROGRAM UNDER SAID ACT, WHO
14 WOULD BE IN A GRADE BEYOND KINDERGARTEN BUT FOR SUCH DISABILITY,
15 SHALL BE COUNTED AS A FULL-DAY PUPIL.

16 (c) A PUPIL ENROLLED IN A DISTRICT PRESCHOOL PROGRAM
17 PURSUANT TO ARTICLE 28 OF THIS TITLE SHALL BE COUNTED AS ONE-HALF
18 PUPIL.

19 (d) A THREE- OR FOUR-YEAR-OLD PUPIL WITH A DISABILITY
20 RECEIVING AN EDUCATIONAL PROGRAM UNDER THE "EXCEPTIONAL
21 CHILDREN'S EDUCATIONAL ACT", ARTICLE 20 OF THIS TITLE, SHALL BE
22 COUNTED AS ONE-HALF PUPIL.

1 (e) A PUPIL DETERMINED TO HAVE A DISABILITY IN ACCORDANCE
2 WITH SECTION 22-20-108 AND RECEIVING AN EDUCATIONAL PROGRAM
3 OUTSIDE OF THE DISTRICT OF RESIDENCE SHALL BE CONSIDERED ENROLLED
4 IN THE DISTRICT OF RESIDENCE FOR PURPOSES OF THIS SUBSECTION (10).

5 (f) IN CERTIFYING THE DISTRICT'S PUPIL ENROLLMENT TO THE
6 STATE BOARD PURSUANT TO THE PROVISIONS OF SECTION 22-54-112, THE
7 DISTRICT SHALL SPECIFY THE NUMBER OF PUPILS ENROLLED IN
8 KINDERGARTEN, THE NUMBER OF PUPILS ENROLLED IN FIRST GRADE
9 THROUGH TWELFTH GRADE, THE NUMBER OF PUPILS ENROLLED IN THE
10 DISTRICT'S PRESCHOOL PROGRAM, THE NUMBER OF PUPILS RECEIVING
11 EDUCATIONAL PROGRAMS UNDER THE "EXCEPTIONAL CHILDREN'S
12 EDUCATIONAL ACT", AND THE NUMBER OF AT-RISK PUPILS.

13 (11) "SPECIFIC OWNERSHIP TAX REVENUE PAID TO THE DISTRICT"
14 MEANS THE AMOUNT OF SPECIFIC OWNERSHIP TAX REVENUE RECEIVED BY
15 THE DISTRICT PURSUANT TO SECTION 42-3-106 (26), C.R.S., THAT IS
16 ATTRIBUTABLE TO ALL PROPERTY TAX LEVIES MADE BY THE DISTRICT
17 EXCEPT THOSE PROPERTY TAX LEVIES MADE FOR THE PURPOSE OF
18 SATISFYING BONDED INDEBTEDNESS OBLIGATIONS, BOTH PRINCIPAL AND
19 INTEREST, EXISTING ON THE EFFECTIVE DATE OF THIS ACT.

20 (12) "STATE AVERAGE PER PUPIL OPERATING REVENUES" MEANS
21 THE TOTAL PROGRAM OF ALL DISTRICTS FOR ANY BUDGET YEAR
22 DETERMINED IN ACCORDANCE WITH SECTION 22-54-104 DIVIDED BY THE

1 TOTAL FUNDED PUPIL COUNT OF ALL DISTRICTS FOR SAID BUDGET YEAR,
2 MINUS THE MINIMUM AMOUNT PER PUPIL REQUIRED BY SECTION 22-54-105
3 TO BE TRANSFERRED FROM THE GENERAL FUND TO THE CAPITAL RESERVE
4 FUND AND INSURANCE RESERVE FUND.

5 (13) "STATE BOARD" MEANS THE STATE BOARD OF EDUCATION.
6 **22-54-104. District total program - "hold harmless" for 1994-95**
7 **through 1996-97.** (1) FOR EVERY BUDGET YEAR, THE PROVISIONS OF THIS
8 SECTION SHALL BE USED TO CALCULATE FOR EACH DISTRICT AN AMOUNT
9 THAT REPRESENTS THE FINANCIAL BASE OF SUPPORT FOR PUBLIC EDUCATION
10 IN THAT DISTRICT. SUCH AMOUNT SHALL BE KNOWN AS THE DISTRICT'S
11 TOTAL PROGRAM. THE DISTRICT'S TOTAL PROGRAM SHALL BE AVAILABLE
12 TO THE DISTRICT TO FUND THE COSTS OF PROVIDING PUBLIC EDUCATION,
13 AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION 22-54-105, THE
14 AMOUNTS AND PURPOSES FOR WHICH SUCH MONEYS ARE BUDGETED AND
15 EXPENDED SHALL BE IN THE DISCRETION OF THE DISTRICT.

16 (2) A DISTRICT'S TOTAL PROGRAM FOR ANY BUDGET YEAR SHALL
17 BE DETERMINED IN ACCORDANCE WITH THE FOLLOWING FORMULA:

18 (DISTRICT PER PUPIL FUNDING X DISTRICT FUNDED PUPIL COUNT) +
19 DISTRICT AT-RISK FUNDING

20 (3) A DISTRICT'S PER PUPIL FUNDING SHALL BE DETERMINED IN
21 ACCORDANCE WITH THE FOLLOWING FORMULA:

1 ((STATEWIDE BASE PER PUPIL FUNDING X DISTRICT PERSONNEL COSTS
 2 FACTOR X DISTRICT COST OF LIVING FACTOR) + (STATEWIDE BASE
 3 PER PUPIL FUNDING X DISTRICT NONPERSONNEL COSTS FACTOR)) X
 4 DISTRICT SIZE FACTOR

5 (4) A DISTRICT'S AT-RISK FUNDING SHALL BE DETERMINED IN
 6 ACCORDANCE WITH THE FOLLOWING FORMULA:

7 ((DISTRICT PER PUPIL FUNDING X DISTRICT AT-RISK FACTOR) X DISTRICT
 8 AT-RISK PUPILS

9 (5) FOR PURPOSES OF THE FORMULAS USED IN THIS SECTION:

10 (a) THE STATEWIDE BASE PER PUPIL FUNDING FOR THE 1994-95
 11 BUDGET YEAR SHALL BE \$3,324.

12 (b) (I) A DISTRICT'S SIZE FACTOR FOR THE 1994-95 BUDGET YEAR
 13 AND BUDGET YEARS THEREAFTER SHALL BE DETERMINED IN ACCORDANCE
 14 WITH THE FOLLOWING FORMULA:

IF THE DISTRICT'S FUNDED PUPIL COUNT IS:	THE DISTRICT'S SIZE FACTOR SHALL BE:
LESS THAN 276	1.5727 + (0.00381558 X THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 276)
276 OR MORE BUT LESS THAN 459	1.2600 + (0.00170874 X THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 459)

459 OR MORE BUT LESS THAN 1,027	1.1423 + (0.00020722 X THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 1,027)
1,027 OR MORE BUT LESS THAN 2,293	1.0732 + (0.00005458 X THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 2,293)
2,293 OR MORE BUT LESS THAN 5,814	1.0145 + (0.00001667 X THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 5,814)
5,814 OR MORE BUT LESS THAN 17,657	1.0000 + (0.00000122 X THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 17,657)
17,657 OR MORE BUT LESS THAN 32,193	1.0000 + (0.00000338 X THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 17,657)
32,193 OR MORE	1.0492

13 (II) IF ANY DISTRICT WITH A FUNDED PUPIL COUNT OF LESS THAN
 14 12,000 REORGANIZES INTO TWO OR MORE DISTRICTS, NONE OF THE
 15 RESULTING DISTRICTS SHALL BE ALLOWED THE SIZE FACTOR PROVIDED IN
 16 THIS PARAGRAPH (b).

1 (c) (I) THE COST OF LIVING FACTOR ALLOWED FOR EACH DISTRICT
 2 PURSUANT TO THIS PARAGRAPH (c) REFLECTS THE DIFFERENCES IN THE
 3 COSTS OF HOUSING, GOODS, AND SERVICES AMONG REGIONS IN WHICH
 4 DISTRICTS ARE LOCATED. SUCH FACTOR DOES NOT REFLECT ANY ANNUAL
 5 INCREASE IN THE COSTS OF HOUSING, GOODS, AND SERVICES CAUSED BY
 6 INFLATION.

7 (II) A DISTRICT'S COST OF LIVING FACTOR SHALL BE DETERMINED
 8 BY DIVIDING THE DISTRICT'S COST OF LIVING AMOUNT BY THE LOWEST COST
 9 OF LIVING AMOUNT OF ALL DISTRICTS IN THE STATE AND ROUNDING SAID
 10 AMOUNT TO THE NEAREST ONE-HUNDREDTH OF ONE PERCENT.

11 (III) BASED UPON THE COST OF LIVING ANALYSIS CONDUCTED
 12 PURSUANT TO THE SB 93-87 SETTING CATEGORY STUDY, THE STAFF OF THE
 13 LEGISLATIVE COUNCIL SHALL CERTIFY THE COST OF LIVING FACTOR FOR
 14 EACH DISTRICT TO THE DEPARTMENT NO LATER THAN TEN DAYS FOLLOWING
 15 THE EFFECTIVE DATE OF THIS ACT. SUCH COST OF LIVING FACTORS SHALL
 16 BE EFFECTIVE FOR THE 1994-95 BUDGET YEAR AND THE TWO BUDGET YEARS
 THEREAFTER. THE COST OF LIVING FACTOR FOR EACH DISTRICT SHALL BE
 18 CERTIFIED TO THE DEPARTMENT BY THE STAFF OF THE LEGISLATIVE
 19 COUNCIL EVERY THREE YEARS THEREAFTER BASED UPON A NEW COST OF
 20 LIVING ANALYSIS. THE CERTIFICATION SHALL BE MADE NO LATER THAN
 21 JANUARY 15 OF THE APPLICABLE YEAR AND SHALL BE EFFECTIVE FOR THE

1 BUDGET YEAR BEGINNING ON JULY 1 OF SUCH YEAR AND THE TWO BUDGET
 2 YEARS THEREAFTER.

3 (d) A DISTRICT'S PERSONNEL COSTS FACTOR FOR THE 1994-95
 4 BUDGET YEAR AND BUDGET YEARS THEREAFTER SHALL BE DETERMINED IN
 5 ACCORDANCE WITH THE FOLLOWING FORMULA:

IF THE DISTRICT'S FUNDED PUPIL COUNT IS:	THE DISTRICT'S PERSONNEL COSTS FACTOR SHALL BE:
LESS THAN 453.5	0.8250 - (0.0000639 x THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 453.5)
453.5 OR MORE BUT LESS THAN 1,567.5	0.8595 - (0.0000310 x THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 1,567.5)
1,567.5 OR MORE BUT LESS THAN 6,682	0.8850 - (0.0000050 x THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 6,682)
6,682 OR MORE BUT LESS THAN 30,000	0.9050 - (0.0000009 x THE DIFFERENCE BETWEEN THE FUNDED PUPIL COUNT AND 30,000)
30,000 OR MORE	0.9050

1 (e) A DISTRICT'S NONPERSONNEL COSTS FACTOR FOR THE 1994-95
2 BUDGET YEAR AND BUDGET YEARS THEREAFTER SHALL BE THE DIFFERENCE
3 BETWEEN 1.00 AND THE DISTRICT'S PERSONNEL COSTS FACTOR.

4 (f) A DISTRICT'S AT-RISK FACTOR FOR THE 1994-95 BUDGET YEAR
5 AND BUDGET YEARS THEREAFTER SHALL BE:

6 (I) 10%; OR

7 (II) FOR ANY DISTRICT WHOSE PERCENTAGE OF AT-RISK PUPILS
8 EXCEEDS THE STATEWIDE AVERAGE PERCENTAGE OF AT-RISK PUPILS, 10%
9 PLUS A 0.20 PERCENTAGE POINT FOR EACH PERCENTAGE POINT THAT THE
10 DISTRICT'S PERCENTAGE OF AT-RISK PUPILS EXCEEDS THE STATEWIDE
11 AVERAGE PERCENTAGE OF AT-RISK PUPILS.

12 (6) (a) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (2) OF
13 THIS SECTION, FOR THE 1994-95 BUDGET YEAR ONLY, IF A DISTRICT'S
14 1994-95 TOTAL PER PUPIL FUNDING IS LESS THAN THE DISTRICT'S 1993-94
15 TOTAL PER PUPIL FUNDING, THE TOTAL PROGRAM FOR SUCH DISTRICT SHALL
16 BE CALCULATED IN ACCORDANCE WITH ONE OF THE FOLLOWING FORMULAS:

17 (I) IF THE DISTRICT'S 1994-95 FUNDED PUPIL COUNT IS EQUAL TO
18 OR LESS THAN THE DISTRICT'S 1993-94 FUNDED PUPIL COUNT, THE
19 FORMULA SHALL BE:

20 DISTRICT 1994-95 FUNDED PUPIL COUNT X DISTRICT 1993-94 TOTAL
21 PER PUPIL FUNDING

1 (II) IF THE DISTRICT'S 1994-95 FUNDED PUPIL COUNT IS GREATER
2 THAN THE DISTRICT'S 1993-94 FUNDED PUPIL COUNT, THE FORMULA SHALL
3 BE:

4 (DISTRICT 1993-94 FUNDED PUPIL COUNT X DISTRICT 1993-94 TOTAL
5 PER PUPIL FUNDING) + ((DISTRICT 1994-95 FUNDED PUPIL COUNT -
6 DISTRICT 1993-94 FUNDED PUPIL COUNT) X DISTRICT 1994-95 TOTAL
7 PER PUPIL FUNDING)

8 (b) FOR PURPOSES OF THIS SUBSECTION (6):

9 (I) A DISTRICT'S "1994-95 TOTAL PER PUPIL FUNDING" MEANS THE
10 AMOUNT WHICH RESULTS FROM DIVIDING THE DISTRICT'S TOTAL PROGRAM
11 FOR THE 1994-95 BUDGET YEAR, AS CALCULATED PURSUANT TO SUBSECTION
12 (2) OF THIS SECTION, BY THE DISTRICT'S 1994-95 FUNDED PUPIL COUNT.

13 (II) A DISTRICT'S "1993-94 TOTAL PER PUPIL FUNDING" MEANS
14 THE AMOUNT WHICH RESULTS FROM DIVIDING THE DISTRICT'S 1993-94
15 TOTAL FUNDING BY THE DISTRICT'S 1993-94 FUNDED PUPIL COUNT.

16 (III) A DISTRICT'S "1993-94 TOTAL FUNDING" SHALL INCLUDE THE
17 DISTRICT'S EQUALIZATION PROGRAM FUNDING AND INCREASING
18 ENROLLMENT FUNDING RECEIVED FOR THE 1993-94 BUDGET YEAR
19 PURSUANT TO FORMER SECTIONS 22-53-104 AND 22-53-116, PLUS ANY
20 ADDITIONAL FUNDING RECEIVED FOR THE 1993-94 BUDGET YEAR PURSUANT
21 TO THE PROVISIONS OF FORMER SECTION 22-53-107.3 OR SECTION 22-44-105

1 (1) (e), PLUS THE AMOUNT OF SPECIFIC OWNERSHIP TAX REVENUE PAID TO
2 THE DISTRICT FOR THE 1993-94 BUDGET YEAR.

3 (IV) A DISTRICT'S "1993-94 FUNDED PUPIL COUNT" MEANS THE
4 PUPIL ENROLLMENT, PRESCHOOL ENROLLMENT, AND THREE- AND
5 FOUR-YEAR-OLD HANDICAPPED ENROLLMENT TAKEN IN OCTOBER OF 1993
6 OR THE AVERAGE OF THE PUPIL ENROLLMENTS, PRESCHOOL ENROLLMENTS,
7 AND THREE- AND FOUR-YEAR-OLD HANDICAPPED ENROLLMENTS TAKEN IN
8 OCTOBER OF 1992 AND OCTOBER OF 1993.

9 (7) (a) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (2) OF
10 THIS SECTION, IF A DISTRICT'S TOTAL PROGRAM FOR THE 1994-95 BUDGET
11 YEAR WAS CALCULATED PURSUANT TO SUBSECTION (6) OF THIS SECTION,
12 THE DISTRICT'S TOTAL PROGRAM FOR THE 1995-96 AND 1996-97 BUDGET
13 YEARS ONLY SHALL BE CALCULATED IN ACCORDANCE WITH ONE OF THE
14 FOLLOWING FORMULAS:

15 (I) IF THE DISTRICT'S FUNDED PUPIL COUNT FOR THE APPLICABLE
16 BUDGET YEAR IS EQUAL TO OR LESS THAN THE DISTRICT'S FUNDED PUPIL
17 COUNT FOR THE IMMEDIATELY PRECEDING BUDGET YEAR, THE FORMULA
18 SHALL BE:

19 DISTRICT FUNDED PUPIL COUNT FOR THE APPLICABLE BUDGET YEAR X
20 DISTRICT TOTAL PER PUPIL FUNDING FOR THE IMMEDIATELY PRECEDING
21 BUDGET YEAR

1 (II) IF THE DISTRICT'S FUNDED PUPIL COUNT FOR THE APPLICABLE
2 BUDGET YEAR IS GREATER THAN THE DISTRICT'S FUNDED PUPIL COUNT FOR
3 THE IMMEDIATELY PRECEDING BUDGET YEAR, THE FORMULA SHALL BE:

4 DISTRICT TOTAL PROGRAM FOR THE IMMEDIATELY PRECEDING BUDGET
5 YEAR + ((DISTRICT FUNDED PUPIL COUNT FOR THE APPLICABLE BUDGET
6 YEAR - DISTRICT FUNDED PUPIL COUNT FOR THE IMMEDIATELY
7 PRECEDING BUDGET YEAR) X DISTRICT TOTAL FORMULA PER PUPIL
8 FUNDING FOR THE APPLICABLE BUDGET YEAR)

9 (b) FOR PURPOSES OF THIS SUBSECTION (7):

10 (I) A DISTRICT'S "TOTAL PER PUPIL FUNDING FOR THE
11 IMMEDIATELY PRECEDING BUDGET YEAR" MEANS THE AMOUNT WHICH
12 RESULTS FROM DIVIDING THE DISTRICT'S TOTAL PROGRAM FOR THE
13 IMMEDIATELY PRECEDING BUDGET YEAR BY THE DISTRICT'S FUNDED PUPIL
14 COUNT FOR THE IMMEDIATELY PRECEDING BUDGET YEAR.

15 (II) A DISTRICT'S "TOTAL FORMULA PER PUPIL FUNDING FOR THE
16 APPLICABLE BUDGET YEAR" MEANS THE TOTAL PROGRAM FOR A DISTRICT
17 FOR THE APPLICABLE BUDGET YEAR, AS CALCULATED PURSUANT TO
18 SUBSECTION (2) OF THIS SECTION, DIVIDED BY THE DISTRICT'S FUNDED
19 PUPIL COUNT FOR THE APPLICABLE BUDGET YEAR.

20 (III) A DISTRICT'S "TOTAL PROGRAM FOR THE IMMEDIATELY
21 PRECEDING BUDGET YEAR" MEANS THE DISTRICT'S TOTAL PROGRAM FOR
22 THE IMMEDIATELY PRECEDING BUDGET YEAR, AS CALCULATED PURSUANT

1 TO SUBSECTION (6) OF THIS SECTION OR THIS SUBSECTION (7), WHICHEVER
2 IS APPLICABLE.

3 (c) IF A DISTRICT'S TOTAL PROGRAM, AS CALCULATED PURSUANT
4 TO THIS SUBSECTION (7), IS LESS THAN ITS TOTAL PROGRAM AS CALCULATED
5 PURSUANT TO SUBSECTION (2) OF THIS SECTION, SUCH DISTRICT SHALL NO
6 LONGER BE SUBJECT TO THE PROVISIONS OF THIS SUBSECTION (7) BUT SHALL
7 THEREAFTER BE SUBJECT TO THE PROVISIONS OF SUBSECTION (2) OF THIS
8 SECTION.

9 **22-54-105. Instructional supplies and materials - capital reserve**

10 **and insurance reserve.** (1) (a) EVERY DISTRICT SHALL BUDGET THE
11 AMOUNT DETERMINED PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION
12 (1) TO BE ALLOCATED, IN THE DISCRETION OF THE BOARD OF EDUCATION,
13 TO THE INSTRUCTIONAL SUPPLIES AND MATERIALS ACCOUNT, THE
14 INSTRUCTIONAL CAPITAL OUTLAY ACCOUNT, OR THE OTHER INSTRUCTIONAL
15 PURPOSES ACCOUNT IN THE GENERAL FUND CREATED BY SECTION 22-45-103
16 (1) (a) (II), OR AMONG SUCH ACCOUNTS. MONEYS MAY BE TRANSFERRED
17 AMONG THE THREE ACCOUNTS. THE MONEYS IN SUCH ACCOUNTS SHALL BE
18 USED FOR THE PURPOSES SET FORTH IN SECTION 22-45-103 (1) (a) (II) AND
19 MAY NOT BE EXPENDED BY THE DISTRICT FOR ANY OTHER PURPOSE. ANY
20 MONEYS IN SUCH ACCOUNTS WHICH ARE NOT PROJECTED TO BE EXPENDED
21 DURING A BUDGET YEAR SHALL BE BUDGETED FOR THE PURPOSES SET
22 FORTH IN SECTION 22-45-103 (1) (a) (II) IN THE NEXT BUDGET YEAR.

1 NOTHING IN THIS SUBSECTION (1) SHALL BE CONSTRUED TO REQUIRE THAT
2 INTEREST ON MONEYS IN SUCH ACCOUNTS BE SPECIFICALLY ALLOCATED TO
3 SUCH ACCOUNTS.

4 (b) THE AMOUNT TO BE BUDGETED IN ANY BUDGET YEAR SHALL
5 BE THE AMOUNT DETERMINED BY MULTIPLYING ONE HUNDRED ELEVEN
6 DOLLARS BY THE DISTRICT'S FUNDED PUPIL COUNT.

7 (c) FOR PURPOSES OF THIS SUBSECTION (1), INSTRUCTIONAL
8 SUPPLIES AND MATERIALS INCLUDE, BUT ARE NOT LIMITED TO, SUPPLIES,
9 TEXTBOOKS, LIBRARY BOOKS, PERIODICALS, WAREHOUSE INVENTORY
10 ADJUSTMENT, AND OTHER SUPPLIES AND MATERIALS. INSTRUCTIONAL
11 CAPITAL OUTLAY INCLUDES THOSE EXPENDITURES WHICH RESULT IN THE
12 ACQUISITION OF FIXED ASSETS FOR INSTRUCTIONAL PURPOSES, OR ADDITIONS
13 THERETO, WHICH THE BOARD OF EDUCATION ANTICIPATES WILL HAVE
14 BENEFITS FOR MORE THAN ONE YEAR. OTHER INSTRUCTIONAL PURPOSES
15 INCLUDE EXPENSES INCURRED IN PROVIDING TRANSPORTATION FOR PUPILS
16 TO AND FROM SCHOOL-SPONSORED INSTRUCTIONAL ACTIVITIES WHICH
17 OCCUR OUTSIDE THE CLASSROOM; COSTS INCURRED FOR REPAIR OR
18 MAINTENANCE SERVICES FOR EQUIPMENT WHICH IS DIRECTLY USED FOR
19 INSTRUCTIONAL PURPOSES; AND COSTS INCURRED IN PROVIDING STAFF
20 DEVELOPMENT DIRECTLY RELATED TO INSTRUCTION. COSTS INCURRED IN
21 PROVIDING STAFF DEVELOPMENT SHALL INCLUDE MONEYS EXPENDED
22 PURSUANT TO CONTRACTUAL ARRANGEMENTS WITH EDUCATORS AND OTHER

1 STAFF DEVELOPMENT PROVIDERS BUT SHALL NOT INCLUDE MONEYS FOR
2 OUT-OF-STATE TRAVEL OR MONEYS FOR IN-DISTRICT TEACHER SALARY
3 INCREASES. INSTRUCTIONAL SUPPLIES AND MATERIALS, INSTRUCTIONAL
4 CAPITAL OUTLAY, AND OTHER INSTRUCTIONAL PURPOSES ARE LIMITED TO
5 THOSE FUNCTIONS ACCOUNTS AND OBJECTS ACCOUNTS AS DEFINED IN
6 HANDBOOK II REVISED PUBLISHED BY THE UNITED STATES DEPARTMENT OF
7 EDUCATION.

8 (d) NOTHING SHALL BE DEEMED TO LIMIT EXPENDITURES FOR
9 INSTRUCTIONAL SUPPLIES AND MATERIALS, INSTRUCTIONAL CAPITAL
10 OUTLAY, AND OTHER INSTRUCTIONAL PURPOSES TO THE AMOUNT REQUIRED
11 TO BE BUDGETED IN ACCORDANCE WITH THIS SUBSECTION (1).

12 (2) (a) EVERY DISTRICT SHALL BUDGET THE AMOUNT DETERMINED
13 PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (2) TO BE ALLOCATED,
14 IN THE DISCRETION OF THE BOARD OF EDUCATION, TO THE CAPITAL
15 RESERVE FUND CREATED BY SECTION 22-45-103 (1) (c), THE INSURANCE
16 RESERVE FUND CREATED BY SECTION 22-45-103 (1) (e), OR TO ANY OTHER
17 FUND ESTABLISHED SOLELY FOR THE MANAGEMENT RISK OF RELATED
18 ACTIVITIES AS IDENTIFIED IN SECTION 24-10-115, C.R.S., AND ARTICLE 13
19 OF TITLE 29, C.R.S., OR AMONG SUCH FUNDS. MONEYS IN THE CAPITAL
20 RESERVE FUND AND INSURANCE RESERVE FUND SHALL BE USED FOR THE
21 PURPOSES SET FORTH IN SECTION 22-45-103 (1) (c) AND (1) (e) AND MAY
22 NOT BE EXPENDED BY THE DISTRICT FOR ANY OTHER PURPOSE. THE BOARD

1 OF EDUCATION MAY TRANSFER MONEYS AMONG THE THREE FUNDS WHEN
2 SUCH TRANSFER IS DEEMED NECESSARY BY THE BOARD.

3 (b) THE AMOUNT TO BE BUDGETED IN ANY BUDGET YEAR SHALL
4 BE THE AMOUNT DETERMINED BY MULTIPLYING TWO HUNDRED TWO
5 DOLLARS BY THE DISTRICT'S FUNDED PUPIL COUNT. SUCH AMOUNT SHALL
6 BE THE MINIMUM REQUIRED TO BE BUDGETED, AND THE DISTRICT MAY
7 ELECT TO BUDGET UP TO EIGHT HUNDRED DOLLARS MULTIPLIED BY THE
8 DISTRICT'S FUNDED PUPIL COUNT.

9 **22-54-106. Local and state shares of district total program.**

10 (1) (a) EVERY DISTRICT SHALL LEVY THE NUMBER OF MILLS DETERMINED
11 PURSUANT TO SUBSECTION (2) OF THIS SECTION, AND THE PROCEEDS OF
12 SUCH LEVY, ALONG WITH THE AMOUNT OF SPECIFIC OWNERSHIP TAX
13 REVENUE PAID TO THE DISTRICT, SHALL BE THE DISTRICT'S SHARE OF ITS
14 TOTAL PROGRAM.

15 (b) EXCEPT AS PROVIDED IN SUBSECTION (8) OF THIS SECTION, THE
16 STATE'S SHARE OF A DISTRICT'S TOTAL PROGRAM SHALL BE THE
17 DIFFERENCE BETWEEN THE DISTRICT'S TOTAL PROGRAM AND THE DISTRICT'S
18 SHARE OF ITS TOTAL PROGRAM; EXCEPT THAT NO DISTRICT SHALL RECEIVE
19 LESS IN STATE AID THAN AN AMOUNT ESTABLISHED BY THE GENERAL
20 ASSEMBLY IN THE ANNUAL GENERAL APPROPRIATION ACT BASED UPON THE
21 AMOUNT OF SCHOOL LANDS AND MINERAL LEASE MONEYS RECEIVED
22 PURSUANT TO THE PROVISIONS OF ARTICLE 41 OF THIS TITLE AND SECTION

1 34-63-102 (2), C.R.S., MULTIPLIED BY THE DISTRICT'S FUNDED PUPIL
2 COUNT.

3 (2) FOR THE 1994 PROPERTY TAX YEAR AND PROPERTY TAX YEARS
4 THEREAFTER, EACH DISTRICT SHALL LEVY THE LESSER OF:

5 (a) THE NUMBER OF MILLS LEVIED BY THE DISTRICT FOR THE
6 IMMEDIATELY PRECEDING PROPERTY TAX YEAR;

7 (b) THE NUMBER OF MILLS THAT WILL GENERATE PROPERTY TAX
8 REVENUE IN AN AMOUNT EQUAL TO THE DISTRICT'S TOTAL PROGRAM FOR
9 THE APPLICABLE BUDGET YEAR MINUS THE DISTRICT'S MINIMUM STATE AID
10 AND MINUS THE AMOUNT OF SPECIFIC OWNERSHIP TAX REVENUE PAID TO
11 THE DISTRICT; OR

12 (c) THE NUMBER OF MILLS THAT MAY BE LEVIED BY THE DISTRICT
13 UNDER THE PROPERTY TAX REVENUE LIMITATION IMPOSED ON THE DISTRICT
14 BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION. IN THE
15 CALCULATION OF LOCAL GROWTH FOR PURPOSES OF DETERMINING THE
16 PROPERTY TAX REVENUE LIMITATION IMPOSED ON A DISTRICT UNDER THIS
17 PARAGRAPH (c), A DISTRICT'S STUDENT ENROLLMENT SHALL BE THE
18 DISTRICT'S FUNDED PUPIL COUNT.

19 (3) THE PROPERTY TAX REVENUE WHICH A DISTRICT IS ENTITLED
20 TO RECEIVE FROM THE LEVY MADE PURSUANT TO SUBSECTION (2) OF THIS
21 SECTION FOR THE 1994 PROPERTY TAX YEAR AND PROPERTY TAX YEARS
22 THEREAFTER SHALL BE USED TO FUND THE DISTRICT'S SHARE OF ITS TOTAL

1 PROGRAM FOR THE BUDGET YEAR BEGINNING ON JULY 1 OF SUCH PROPERTY
2 TAX YEAR, AND THE TOTAL AMOUNT OF SUCH REVENUE SHALL BE
3 CONSIDERED TO BE COLLECTED DURING SUCH BUDGET YEAR FOR PURPOSES
4 OF DETERMINING THE STATE'S SHARE OF THE DISTRICT'S TOTAL PROGRAM.

5 (4) (a) THE GENERAL ASSEMBLY SHALL MAKE ANNUAL
6 APPROPRIATIONS TO FUND THE STATE'S SHARE OF THE TOTAL PROGRAM OF
7 ALL DISTRICTS.

8 (b) IN THE EVENT THAT THE APPROPRIATION FOR THE STATE'S
9 SHARE OF THE TOTAL PROGRAM OF ALL DISTRICTS UNDER THIS ARTICLE FOR
10 ANY BUDGET YEAR, AS ESTABLISHED IN THE GENERAL APPROPRIATION ACT,
11 IS NOT SUFFICIENT TO FULLY FUND THE STATE'S SHARE, THE DEPARTMENT
12 OF EDUCATION SHALL SUBMIT A REQUEST FOR A SUPPLEMENTAL
13 APPROPRIATION IN AN AMOUNT WHICH WILL FULLY FUND THE STATE'S
14 SHARE. SUCH REQUEST SHALL BE MADE TO THE GENERAL ASSEMBLY
15 DURING THE FISCAL YEAR IN WHICH SUCH UNDERFUNDING OCCURS.

16 (c) IF A SUPPLEMENTAL APPROPRIATION IS NOT MADE BY THE
17 GENERAL ASSEMBLY TO FULLY FUND THE STATE'S SHARE OF THE TOTAL
18 PROGRAM OF ALL DISTRICTS OR A SUPPLEMENTAL APPROPRIATION IS MADE
19 TO REDUCE THE STATE'S SHARE OF THE TOTAL PROGRAM OF ALL DISTRICTS,
20 THE STATE AID OF EACH DISTRICT SHALL BE REDUCED IN ACCORDANCE
21 WITH THE PROVISIONS OF THIS PARAGRAPH (c). THE TOTAL PROGRAM OF
22 EACH DISTRICT THAT RECEIVES STATE AID SHALL BE REDUCED BY A

1 PERCENTAGE DETERMINED BY DIVIDING THE DEFICIT IN THE APPROPRIATION
 2 OR THE REDUCTION IN THE APPROPRIATION, WHICHEVER IS APPLICABLE, BY
 3 THE TOTAL PROGRAM OF ALL DISTRICTS WHICH RECEIVE STATE AID. THE
 4 STATE AID OF EACH DISTRICT SHALL BE REDUCED BY THE AMOUNT OF THE
 5 REDUCTION IN THE DISTRICT'S TOTAL PROGRAM OR THE AMOUNT OF STATE
 6 AID, WHICHEVER IS LESSER. THE DEPARTMENT OF EDUCATION SHALL SEE
 7 THAT THE REDUCTION IN STATE AID REQUIRED BY THIS PARAGRAPH (c) IS
 8 ACCOMPLISHED PRIOR TO THE END OF THE BUDGET YEAR.

9 (5) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 22-54-107 AND
 10 22-54-108, NO DISTRICT MAY CERTIFY A LEVY FOR ITS GENERAL FUND IN
 11 EXCESS OF THAT AUTHORIZED BY THIS SECTION.

12 (6) IF A DISTRICT DOES NOT CERTIFY AT LEAST THE MILL LEVY
 13 REQUIRED BY SUBSECTION (2) OF THIS SECTION, THE DEPARTMENT SHALL
 14 DETERMINE WHAT THE STATE'S PERCENTAGE SHARE OF THE DISTRICT'S
 15 TOTAL PROGRAM WOULD HAVE BEEN HAD THE DISTRICT CERTIFIED THE
 16 REQUIRED MILL LEVY. THE DEPARTMENT OF EDUCATION SHALL REDUCE
 17 THE DISTRICT'S STATE AID IN AN AMOUNT WHICH WILL RESULT IN THE
 18 STATE'S PERCENTAGE SHARE OF THE DISTRICT'S TOTAL PROGRAM
 19 REMAINING THE SAME AS IF THE DISTRICT HAD CERTIFIED THE REQUIRED
 20 MILL LEVY.

21 (7) FOR THE 1994 PROPERTY TAX YEAR AND PROPERTY TAX YEARS
 22 THEREAFTER, ALL MILL LEVIES AUTHORIZED OR REQUIRED BY THIS SECTION

1 OR SECTIONS 22-54-107 AND 22-54-108 SHALL BE ROUNDED TO THE
 2 NEAREST ONE-THOUSANDTH OF ONE MILL.

3 (8) (a) (I) THE PROVISIONS OF THIS SUBSECTION (8) SHALL ONLY
 4 APPLY TO THOSE SCHOOL DISTRICTS WHICH HAVE ENTERED INTO
 5 AGREEMENTS WITH A TAXPAYER PURSUANT TO SECTION 22-32-110 (1) (ff)
 6 OR (1) (gg) PRIOR TO JANUARY 1, 1994.

7 (II) FOR ANY SCHOOL DISTRICT WHICH HAS ENTERED INTO AN
 8 AGREEMENT WITH A TAXPAYER PURSUANT TO SECTION 22-32-110 (1) (ff) OR
 9 (1) (gg) AND WHICH IS SUBJECT TO THE PROVISIONS OF THIS SUBSECTION
 10 (8), THE STATE'S SHARE OF THE DISTRICT'S TOTAL PROGRAM SHALL BE THE
 11 AMOUNT BY WHICH THE DISTRICT'S TOTAL PROGRAM EXCEEDS THE AMOUNT
 12 OF SPECIFIC OWNERSHIP TAX REVENUE PAID TO THE DISTRICT AND THE
 13 AMOUNT OF PROPERTY TAX REVENUE WHICH THE DISTRICT WOULD HAVE
 14 BEEN ENTITLED TO RECEIVE IF THE VALUATION FOR ASSESSMENT OF THE
 15 DISTRICT DID NOT INCLUDE THE PORTION OF THE VALUATION FOR
 16 ASSESSMENT OF THE PERSONAL PROPERTY OF SUCH TAXPAYER WHICH,
 17 WHEN LEVIED UPON BY THE DISTRICT, WOULD RESULT IN PROPERTY TAX
 18 REVENUE EQUAL TO THE AMOUNT OF INCENTIVE PAYMENT TO SUCH
 19 TAXPAYER PURSUANT TO SUCH AGREEMENT.

20 (b) THE CALCULATION REQUIRED BY PARAGRAPH (a) OF THIS
 21 SUBSECTION (8) IS SOLELY FOR THE PURPOSE OF DETERMINING THE STATE'S
 22 SHARE OF A DISTRICT'S TOTAL PROGRAM IF THE DISTRICT HAS ENTERED

1 INTO AN AGREEMENT PURSUANT TO SECTION 22-32-110 (1) (ff) OR (1) (gg),
2 AND NOTHING IN THIS SUBSECTION (8) SHALL BE CONSTRUED TO DECREASE
3 THE VALUATION FOR ASSESSMENT OF PERSONAL PROPERTY IN THE DISTRICT
4 OR TO AFFECT THE NUMBER OF MILLS REQUIRED BY SUBSECTION (2) OF THIS
5 SECTION OR SECTION 22-54-107 TO BE LEVIED ON THE VALUATION FOR
6 ASSESSMENT OF REAL AND PERSONAL PROPERTY IN THE DISTRICT.

7 (c) NOTHING IN THIS SUBSECTION (8) SHALL BE CONSTRUED TO
8 INCREASE A DISTRICT'S TOTAL PROGRAM AS DETERMINED IN ACCORDANCE
9 WITH SECTION 22-54-104.

10 (9) IF A DISTRICT REDUCES ITS MILL LEVY PURSUANT TO THE
11 PROVISIONS OF SECTION 22-44-103.5 (2) (b) (III) (B) FOR THE 1993
12 PROPERTY TAX YEAR, THE STATE'S SHARE OF THE DISTRICT'S TOTAL
13 PROGRAM FOR THE 1994-95 BUDGET YEAR AND BUDGET YEARS THEREAFTER
14 SHALL BE THE AMOUNT BY WHICH THE DISTRICT'S TOTAL PROGRAM
15 EXCEEDS THE AMOUNT OF SPECIFIC OWNERSHIP TAX REVENUE PAID TO THE
16 DISTRICT AND THE AMOUNT OF PROPERTY TAX REVENUE WHICH THE
17 DISTRICT WOULD HAVE BEEN ENTITLED TO RECEIVE IF THE MILL LEVY HAD
18 NOT BEEN REDUCED.

19 (10) IF A DISTRICT REDUCES OR ENDS BUSINESS PERSONAL
20 PROPERTY TAXES THROUGH ACTION TAKEN PURSUANT TO SECTION 20 (8) (b)
21 OF ARTICLE X OF THE STATE CONSTITUTION, THE STATE'S SHARE OF THE
22 DISTRICT'S TOTAL PROGRAM FOR THE BUDGET YEAR IN WHICH SUCH ACTION

1 IS TAKEN AND ANY BUDGET YEAR THEREAFTER SHALL BE THE AMOUNT BY
2 WHICH THE DISTRICT'S TOTAL PROGRAM EXCEEDS THE AMOUNT OF SPECIFIC
3 OWNERSHIP TAX REVENUE PAID TO THE DISTRICT AND THE AMOUNT OF
4 PROPERTY TAX REVENUE WHICH THE DISTRICT WOULD HAVE BEEN ENTITLED
5 TO RECEIVE IF SUCH ACTION HAD NOT BEEN TAKEN BY THE DISTRICT.

6 **22-54-107. Buy-out of categorical programs.** (1) IF A DISTRICT
7 LEVIES THE NUMBER OF MILLS CALCULATED PURSUANT TO SECTION
8 22-54-106 (2) (b), THE DISTRICT SHALL MAKE AN ADDITIONAL LEVY TO
9 GENERATE PROPERTY TAX REVENUE IN AN AMOUNT EQUAL TO THE AMOUNT
10 OF CATEGORICAL SUPPORT FUNDS; EXCEPT THAT THE TOTAL OF THE TWO
11 LEVIES CANNOT EXCEED THE DISTRICT'S LEVY FOR THE IMMEDIATELY
12 PRECEDING YEAR OR THE DISTRICT'S ALLOWABLE LEVY UNDER THE
13 PROPERTY TAX REVENUE LIMITATION IMPOSED ON THE DISTRICT BY SECTION
14 20 OF ARTICLE X OF THE STATE CONSTITUTION.

15 (2) WHEN A DISTRICT RECEIVES PROPERTY TAX REVENUE FROM
16 THE ADDITIONAL LEVY MADE PURSUANT TO SUBSECTION (1) OF THIS
17 SECTION OR WHEN A DISTRICT HAS ELECTED TO KEEP EXCESS PROPERTY TAX
18 REVENUE COLLECTED DURING THE 1992 CALENDAR YEAR PURSUANT TO THE
19 PROVISIONS OF SECTION 22-44-103.5 (2) (b) (III) (C) OR (2) (c) (III), SUCH
20 PROPERTY TAX REVENUE SHALL BE USED TO REPLACE, ON A PRO RATA
21 BASIS, ANY CATEGORICAL PROGRAM SUPPORT FUNDS WHICH SUCH DISTRICT
22 WOULD OTHERWISE BE ELIGIBLE TO RECEIVE FROM THE STATE. THE

1 AMOUNT OF CATEGORICAL PROGRAM SUPPORT FUNDS REPLACED BY
2 PROPERTY TAX REVENUE PURSUANT TO THE PROVISIONS OF THIS SUBSECTION
3 (2) SHALL BE USED TO MAKE PAYMENTS OF CATEGORICAL PROGRAM
4 SUPPORT FUNDS TO ELIGIBLE DISTRICTS, AND, IN THE EVENT THAT THE
5 APPROPRIATIONS FOR CATEGORICAL PROGRAMS ARE LESS THAN THE TOTAL
6 CATEGORICAL PROGRAM SUPPORT FUNDS TO WHICH DISTRICTS ARE ENTITLED
7 UNDER APPLICABLE PROVISIONS OF LAW, SUCH FUNDS SHALL BE APPLIED TO
8 CATEGORICAL PROGRAMS IN THE FOLLOWING ORDER:

9 (a) FIRST, TRANSPORTATION AID PURSUANT TO ARTICLE 51 OF THIS
10 TITLE;

11 (b) SECOND, FUNDS PURSUANT TO THE "ENGLISH LANGUAGE
12 PROFICIENCY ACT", ARTICLE 24 OF THIS TITLE; AND

13 (c) THIRD, FUNDS PURSUANT TO THE "EXCEPTIONAL CHILDREN'S
14 EDUCATIONAL ACT", ARTICLE 20 OF THIS TITLE.

15 (3) FOR PURPOSES OF THIS SECTION, "CATEGORICAL PROGRAM
16 SUPPORT FUNDS WHICH THE DISTRICT WOULD OTHERWISE BE ELIGIBLE TO
17 RECEIVE FROM THE STATE" MEANS AMOUNTS WHICH THE DISTRICT WOULD
18 HAVE RECEIVED FROM THE STATE BUT WHICH WILL BE RECEIVED INSTEAD
19 FROM PROPERTY TAX REVENUES BY REASON OF THIS SECTION AND INCLUDES
20 FUNDS PURSUANT TO THE "EXCEPTIONAL CHILDREN'S EDUCATIONAL ACT",
21 ARTICLE 20 OF THIS TITLE, FUNDS PURSUANT TO THE "ENGLISH LANGUAGE
22 PROFICIENCY ACT", ARTICLE 24 OF THIS TITLE, TRANSPORTATION AID

1 PURSUANT TO ARTICLE 51 OF THIS TITLE, AND VOCATIONAL EDUCATION AID
2 PURSUANT TO ARTICLE 8 OF TITLE 23, C.R.S. FUNDS RECEIVED BY AN
3 ADMINISTRATIVE UNIT UNDER THE "EXCEPTIONAL CHILDREN'S
4 EDUCATIONAL ACT", ARTICLE 20 OF THIS TITLE, AS REIMBURSEMENT FOR
5 SERVICES PROVIDED TO CHILDREN COUNTED IN THE PUPIL ENROLLMENT OF
6 A DISTRICT SHALL BE CONSIDERED AS FUNDS WHICH A DISTRICT WOULD
7 OTHERWISE BE ELIGIBLE TO RECEIVE FOR PURPOSES OF THIS SUBSECTION (3).

8 **22-54-108. Authorization of additional local revenues.**

9 (1) EFFECTIVE JULY 1, 1994, A DISTRICT WHICH DESIRES TO RAISE AND
10 EXPEND LOCAL PROPERTY TAX REVENUES IN EXCESS OF THE DISTRICT'S
11 TOTAL PROGRAM, AS DETERMINED IN ACCORDANCE WITH SECTION
12 22-54-104, MAY SUBMIT THE QUESTION OF WHETHER THE DISTRICT SHOULD
13 BE AUTHORIZED TO RAISE AND EXPEND ADDITIONAL LOCAL PROPERTY TAX
14 REVENUES, SUBJECT TO THE LIMITATIONS OF SUBSECTION (3) OF THIS
15 SECTION, THEREBY AUTHORIZING AN ADDITIONAL LEVY FOR THE DISTRICT'S
16 GENERAL FUND FOR THE THEN CURRENT BUDGET YEAR AND EACH BUDGET
17 YEAR THEREAFTER. THE QUESTION AUTHORIZED BY THIS SUBSECTION (1)
18 SHALL BE SUBMITTED AT AN ELECTION HELD IN ACCORDANCE WITH SECTION
19 20 OF ARTICLE X OF THE STATE CONSTITUTION AND TITLE 1, C.R.S.

20 (2) EFFECTIVE JULY 1, 1994, UPON PROPER SUBMITTAL TO A
21 DISTRICT OF A VALID INITIATIVE PETITION, THE DISTRICT SHALL SUBMIT TO
22 THE ELIGIBLE ELECTORS OF THE DISTRICT THE QUESTION OF WHETHER THE

1 DISTRICT SHOULD BE AUTHORIZED TO RAISE AND EXPEND ADDITIONAL
 2 LOCAL PROPERTY TAX REVENUES IN EXCESS OF THE DISTRICT'S TOTAL
 3 PROGRAM AS DETERMINED IN ACCORDANCE WITH SECTION 22-54-104,
 4 SUBJECT TO THE LIMITATIONS OF SUBSECTION (3) OF THIS SECTION, THEREBY
 5 AUTHORIZING AN ADDITIONAL LEVY FOR THE DISTRICT'S GENERAL FUND
 6 FOR THE THEN CURRENT BUDGET YEAR AND EACH BUDGET YEAR
 7 THEREAFTER. THE QUESTION AUTHORIZED BY THIS SUBSECTION (2) SHALL
 8 BE SUBMITTED AT AN ELECTION HELD IN ACCORDANCE WITH SECTION 20 OF
 9 ARTICLE X OF THE STATE CONSTITUTION AND TITLE 1, C.R.S. AN
 10 INITIATIVE PETITION UNDER THIS SUBSECTION (2) SHALL BE SIGNED BY AT
 11 LEAST FIVE PERCENT OF THE ELIGIBLE ELECTORS IN THE DISTRICT AT THE
 12 TIME THE PETITION IS FILED.

13 (3) (a) NOTWITHSTANDING THE PROVISIONS OF SECTION 20 OF
 14 ARTICLE X OF THE STATE CONSTITUTION WHICH ALLOW DISTRICTS TO SEEK
 15 VOTER APPROVAL FOR SPENDING AND REVENUE INCREASES, THE PROVISIONS
 16 OF THIS SUBSECTION (3) SHALL LIMIT A DISTRICT'S AUTHORITY TO RAISE
 17 AND EXPEND LOCAL PROPERTY TAX REVENUES IN EXCESS OF THE DISTRICT'S
 18 TOTAL PROGRAM AS DETERMINED IN ACCORDANCE WITH SECTION 22-54-104.

19 (b) WHENEVER A DISTRICT IS GRANTED THE AUTHORITY TO RAISE
 20 AND EXPEND ADDITIONAL LOCAL PROPERTY TAX REVENUES, THE SPECIFIC
 21 DOLLAR AMOUNT APPROVED AT THE ELECTION, IN ADDITION TO SPECIFIC
 22 DOLLAR AMOUNTS OF ADDITIONAL LOCAL PROPERTY TAX REVENUES

1 APPROVED AT PREVIOUS ELECTIONS UNDER THE PROVISIONS OF FORMER
 2 SECTION 22-53-117, SHALL BE THE MAXIMUM THAT MAY BE RAISED AND
 3 EXPENDED UNDER THIS ARTICLE IN ADDITION TO THE DISTRICT'S TOTAL
 4 PROGRAM. THE TOTAL ADDITIONAL LOCAL PROPERTY TAX REVENUES
 5 WHICH MAY BE AUTHORIZED AT ELECTIONS HELD PURSUANT TO THIS
 6 SECTION SHALL NOT EXCEED UNDER ANY CIRCUMSTANCES TWENTY-FIVE
 7 PERCENT OF THE DISTRICT'S TOTAL PROGRAM, AS DETERMINED PURSUANT
 8 TO SECTION 22-54-104 (2), FOR THE BUDGET YEAR IN WHICH THE ELECTION
 9 AT WHICH THE TWENTY-FIVE PERCENT LIMITATION WAS REACHED OR TWO
 10 HUNDRED THOUSAND DOLLARS, WHICHEVER IS GREATER.

11 (c) THE TOTAL DOLLAR AMOUNT OF ADDITIONAL LOCAL PROPERTY
 12 TAX REVENUES WHICH MAY BE RAISED AND EXPENDED PURSUANT TO THE
 13 PROVISIONS OF THIS SECTION SHALL NOT BE INCREASED UNLESS THE
 14 DISTRICT SUBMITS THE QUESTION OF THE INCREASE TO THE ELIGIBLE
 15 ELECTORS IN THE MANNER PROVIDED IN SUBSECTION (1) OF THIS SECTION
 16 OR UNLESS THE QUESTION OF THE INCREASE IS SUBMITTED TO THE ELIGIBLE
 17 ELECTORS BY INITIATIVE IN THE MANNER PROVIDED IN SUBSECTION (2) OF
 18 THIS SECTION. ONCE A DISTRICT REACHES THE LIMITATION, THE DISTRICT
 19 SHALL NOT BE AUTHORIZED TO HOLD ANOTHER ELECTION PURSUANT TO
 20 THIS SECTION.

21 (d) IN APPLYING THE LIMITATION IN THIS SUBSECTION (3), ANY
 22 ADDITIONAL LOCAL PROPERTY TAX REVENUES AUTHORIZED AT ELECTIONS

1 HELD UNDER THE PROVISIONS OF FORMER SECTION 22-53-117 PRIOR TO
2 JULY 1, 1994, SHALL BE COUNTED TOWARDS SUCH LIMITATION. IF THE
3 ADDITIONAL LOCAL PROPERTY TAX REVENUES ALREADY AUTHORIZED
4 EXCEEDS THE LIMITATION, THE DISTRICT SHALL NOT BE AUTHORIZED TO
5 HOLD AN ELECTION PURSUANT TO THE PROVISIONS OF THIS SECTION UNTIL
6 THE LIMITATION IS GREATER THAN THE ADDITIONAL LOCAL PROPERTY TAX
7 REVENUES ALREADY AUTHORIZED.

8 **22-54-109. [Formerly 22-53-104.] Attendance in district other**
9 **than district of residence.** (1) Districts paying tuition for pupils of
10 residence in the district to attend public schools in other Colorado school
11 districts and in school districts of adjoining states shall report and be entitled
12 to support for such pupils; except that no district shall report any pupil who
13 is from another district and whose tuition is paid by the pupil's district of
14 residence.

15 (2) Any court of record, the department of social services, or any
16 other agency authorized to place a child in a residential child care facility
17 shall notify the school district of residence of such child, the district in which
18 the child will receive educational services, and the department of education
19 of such placement within fifteen days after the placement.

20 (3) Every school district shall report to the department of
21 education, by district of residence, the number of pupils not included in the
22 district's pupil enrollment but who are receiving educational services in

1 residential child care facilities, community centers, regional centers, the
2 school for the deaf and the blind, and other group care facilities or homes
3 designated by the state board within the district's boundaries. The
4 department of education shall annually withhold an amount equal to the
5 district of residence's per pupil operating revenues for each such child
6 counted by local school districts but not actually attending classes in the
7 district of residence and included on the roll of out-of-district placed
8 children. The department shall forward to the district or state institution or
9 facility delivering the education, on a monthly basis, the proportional amount
10 of the state average per pupil operating revenues.

11 (4) For children with disabilities residing in a particular school
12 district but receiving an education in another school district, a state
13 institution or facility, a residential child care facility, or an eligible nonprofit
14 organization within Colorado, the state average per pupil operating revenues
15 shall be the district of residence's total responsibility under this ~~part 4~~
16 ARTICLE for the education of that child. The provisions of this subsection
17 (4) shall not apply to children with disabilities enrolled in an interdistrict
18 participating school district pursuant to the provisions of article 36 of this
19 title.

20 **22-54-110. [Formerly 22-53-122.5] Loans to alleviate cash flow**
21 **management problems.** (1) (a) Upon approval by the state treasurer of the
22 application of a district to participate in an interest-free loan program, the

1 state treasurer shall make available to such district in any month of the
2 budget year an interest-free loan from the state general fund in an amount
3 ~~not to exceed one thousand dollars above the projected general fund cash~~
4 ~~deficit~~ for the month as certified by the chief financial officer and the
5 superintendent of the district. The state treasurer shall determine the
6 methodology for the calculation of cash deficits and establish reporting
7 mechanisms necessary to ensure consistent and accurate reporting of cash
8 deficits. No loan shall be made in any month unless the district has
9 demonstrated, to the satisfaction of the state treasurer, that a general fund
10 cash deficit will exist for that month.

(b) A loan may not be made under this section to provide assistance
for matters eligible for payment from the contingency reserve pursuant to
section ~~22-53-124~~ 22-54-117 or to cover a foreseeable level of uncollectible
property taxes, nor may a loan be used by a district for the simultaneous
purchase and sale of the same security or an equivalent security in order to
profit from price disparity.

(2) (a) For the months of March, April, and May of each budget
year, any district receiving a loan under the provisions of this section shall
begin to repay such loan if the district's available resources, as of the last
day of the month, increased by the next month's revenues exceed the next
month's expenditures plus a cash reserve. The excess resources must be
remitted to the state treasurer by the close of business on the fifth business

day of the following month. All loans shall be repaid by June 25 of the state
fiscal year in which the loan was made or on an alternative date as
determined by the state treasurer.

(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 and insurance
reserve funds. "Available resources" shall not include cash that is legally
segregated or pledged by contract or by rule and regulation of the state
board.

(II) "Cash reserve" means eight percent of the district's average
monthly expenditures or twenty thousand dollars, whichever is greater.

(c) A lien in the amount of any such loan shall attach to any district
property tax revenues, except for bond redemption fund revenues, collected
during the state fiscal year in which the loan was made, and such lien shall
have priority over all other expenditures from such revenues until the loan
shall have been repaid in full. The county treasurer of the county in which
the headquarters of the district are located shall be jointly responsible with
the district for repayment of any loan made pursuant to this section. If a
district fails to repay a loan to the state treasurer in accordance with the
provisions of this section, the state treasurer shall notify the county treasurer
of the county in which the district is located that the district is in default on

1 the loan and the amount of the default. The county treasurer shall withhold
2 any moneys of the district in the county treasurer's possession in an amount
3 equal to the amount of the default and transmit said moneys to the state
4 treasurer. If the amount of moneys of the district in the county treasurer's
5 possession at the time notice of the default is given is less than the amount
6 of the default, the county treasurer shall withhold additional moneys of the
7 district until such time as the default has been completely paid to the state
8 treasurer.

9 (3) The state treasurer shall consult with the department of
10 education concerning the administration of the loan program under this
11 section in order to assure that it is implemented in a manner which will
12 minimize the loss of interest to the general fund caused by the loan of
13 moneys to districts IN ORDER to alleviate cash flow management problems.

14 (4) A district receiving a loan pursuant to this section shall be
15 subject to an audit conducted by, or contracted for by, the state auditor and
16 shall be penalized through the withholding of state aid in the event an audit
17 finds the district used the loan in a manner contrary to the provisions of this
18 section.

19 **22-54-111. [Formerly 22-53-118.] Adjustments in valuation for**
20 **assessment.** (1) For each budget year, in calculating the total amount of
21 revenue which a district is entitled to receive from the property tax levy for
22 the general fund of a district during the budget year, the valuation for

1 assessment of a district shall be adjusted as provided in subsection (2) of this
2 section.

3 (2) If the valuation for assessment of a district includes the value
4 of a certain property that was formerly tax-exempt but becomes taxable as
5 a result of a change in the applicable state law and said inclusion is
6 challenged by administrative appeal or litigation or both and the property
7 taxes attributable to said property are not paid pending the outcome of said
8 challenge, the valuation for assessment attributable to said property shall be
9 subtracted from the valuation for assessment of the school district. If said
10 property is finally determined to have been properly included in the district's
11 valuation for assessment, the valuation for assessment attributable to said
12 property shall be restored to the district's valuation for assessment, and the
13 state general fund shall be reimbursed in full by the school district after
14 collection of taxes, plus interest at the same rate as provided by statute for
15 penalty interest on unpaid property taxes.

16 **22-54-112. [Formerly 22-53-119.] Reports to the state board.**

17 (1) On or before November 15 of each year, the property tax administrator
18 shall certify to the state board the valuations for assessment of all taxable
19 property within each county and for each district or portion of a joint district
20 in each county, with the exception of the city and county of Denver, for
21 which the time of certification shall be on or before December 20. The
22 furnishing of certified copies of the board of county commissioners'

1 certification of levies and revenue to the county assessor and the property tax
2 administrator, as provided by section 39-1-111 (2), C.R.S., shall be
3 considered as having fulfilled the requirement of this section.

4 (2) On or before November 10 of each year, the secretary of the
5 board of education of each district shall certify to the state board the pupil
6 enrollment of the district taken in the preceding October. ~~On or before~~
7 ~~March 10 of each year, the secretary of the board of education of such~~
8 ~~district shall certify to the state board the pupil enrollment of the district~~
9 ~~taken in the preceding February.~~

10 (3) If the valuation for assessment for all or a part of any district
11 has been divided for an urban renewal area, pursuant to section 31-25-107
12 (9) (a), C.R.S., any report under this section shall be based upon that
13 portion of the valuation for assessment under said section 31-25-107 (9) (a)
14 (I), C.R.S., so long as such division remains in effect.

15 **22-54-113. [Formerly 22-53-120.] County public school fund.**

16 (1) There is hereby created in the office of the county treasurer of each
17 county a continuing fund, to be known as the county public school fund, into
18 which shall be paid the proceeds of all county school moneys.

19 (2) Each district in the county shall be entitled to receive
20 distribution during a budget year of moneys in the county public school fund
21 in the proportion that its funded pupil count in the county is to the aggregate
22 of the funded pupil counts of all districts in the county.

1 (3) The department of education shall determine the proportionate
2 part of the county public school fund to be paid during the budget year to
3 each district in the county and, on or before the first day of each budget
4 year, shall certify such determination to the county treasurer. The CERTIFIED
5 proportions ~~so certified~~ shall be the basis upon which the moneys in the fund
6 shall be distributed during the ensuing budget year. At the end of each
7 month during such year, the county treasurer shall credit or pay over the
8 proper proportions of the moneys in the fund to the general funds of the
9 districts in the county.

10 (4) For the purpose of determination and certification by the state
11 board and distribution of moneys in the fund, the funded pupil count of a
12 joint district shall be apportioned and assigned to the portion of the district
13 in each county having territory in the district in the same proportion as the
14 portion of the district's funded pupil count attributable to pupils resident in
15 each county bears to the total funded pupil count of the joint district. The
16 secretary of the board of education of each joint district shall certify to the
17 state board the required information applicable to each county.

18 **22-54-114. [Formerly 22-53-121.] State public school fund.**

19 (1) There is hereby created in the office of the state treasurer a fund,
20 separate from the general fund, to be known as the state public school fund.
21 There shall be credited to said fund the net balance of the public school
22 income fund existing as of December 31, 1973, and all distributions from the

1 state public school income fund thereafter made, the state's share of all
2 moneys received from the federal government pursuant to the provisions of
3 section 34-63-102, C.R.S., and such additional moneys as shall be
4 appropriated by the general assembly which are necessary to meet the total
5 state's share of ~~equalization support~~, THE TOTAL PROGRAM OF ALL DISTRICTS
6 AND THE contingency reserve ~~and additional aid to districts with increased~~
7 ~~enrollments~~ during the budget year. Moneys annually appropriated by the
8 general assembly shall be transferred from the state general fund and
9 credited to the state public school fund in four quarterly installments on July
10 1, September 30, December 31, and March 31 to assure the availability of
11 funds for the required distribution of state moneys to school districts. Such
12 quarterly installments shall be determined in accordance with estimates
13 prepared by the department of education with respect to the required
14 distribution of state moneys to school districts.

15 (2) No later than thirty days prior to the beginning of the budget
16 year, the department of education shall determine the estimated requirements
17 IN ORDER to provide each district the amount it is eligible to receive from the
18 state during the next ensuing fiscal year of the state. The appropriation by
19 the general assembly shall be based on the requirements necessary to provide
20 all districts WITH the amounts they are each eligible to receive from the state,
21 pursuant to the provisions of this part 1, during the next ensuing fiscal year
22 of the state.

1 (3) Fifty percent of any unexpended balance of moneys
2 appropriated by the general assembly in the state public school fund at the
3 end of each fiscal year shall be transferred to the schools of choice fund
4 created in section 22-36-105 and the remaining fifty percent shall be
5 transferred to the Colorado comprehensive health education fund created in
6 section 22-25-109, but any balances derived from other sources shall remain
7 in said state public school fund and become available for distribution during
8 the following fiscal year.

9 **22-54-115. [Formerly 22-53-122.] Distributions from state public**
10 **school fund.** (1) ~~(a) No later than December 31, 1990, the state board shall~~
11 ~~determine the amount of the state's share of the equalization program~~
12 ~~funding for each district for the 1991 budget year and the total thereof for~~
13 ~~all districts. The state's share of the equalization program funding for a~~
14 ~~district shall be payable in such amounts and at such times during the 1991~~
15 ~~budget year as the department of education determines is necessary.~~

16 ~~(b) No later than December 31, 1991, the state board shall~~
17 ~~determine the amount of the state's share of the equalization program~~
18 ~~funding for each district for the 1992 transitional budget year and the total~~
19 ~~thereof for all districts. Payments of state moneys to a district shall be made~~
20 ~~by the department of education in accordance with rules and regulations~~
21 ~~adopted by the state board.~~

1 (e) No later than June 30 of each year, the state board shall
2 determine the amount of the state's share of the ~~equalization~~ DISTRICT'S
3 TOTAL program ~~funding for each district~~ for the budget year beginning on
4 July 1, and the total thereof for all districts, which amount shall be payable
5 in twelve approximately equal monthly payments during such budget year;
6 except that such payments shall be adjusted following THE CERTIFICATION OF
7 PUPIL ENROLLMENTS AND the certification of valuations for assessment to the
8 state board pursuant to section ~~22-53-119 (1)~~ 22-54-112 (1) AND (2).

9 (2) No later than the fifteenth day of each month, the state board
10 shall certify to the state treasurer the amount payable to each district during
11 said month.

12 (3) No later than the twenty-fifth day of each month, the state
13 treasurer shall pay the amount certified directly to the treasurer of each
14 district.

15 (4) The state board shall take care to avoid overpayment of state
16 moneys. If it is determined that any district has been overpaid in any month,
17 the state board shall adjust the ~~next~~ following monthly payment or payments
18 to such district so as to recover the amount overpaid. In the event that an
19 overpayment cannot be ~~so~~ recovered, the amount thereof shall be refunded
20 to the state public school fund by the district receiving the same.

21 (5) ~~In the event that the appropriation for the state's share of~~
22 ~~equalization program funding under this part 1 is reduced by any~~

1 ~~supplemental appropriation, the amount of such reduction shall be divided by~~
2 ~~the total amount of equalization program funding of all districts in the state~~
3 ~~which receive state funds under this part 1. The result shall be stated as a~~
4 ~~percent. The department of education shall apply such percent to the~~
5 ~~equalization program funding of each district which receives state funds. The~~
6 ~~resulting amount shall be withheld from the monthly payments of state funds~~
7 ~~remaining to be made to the district prior to the June 30 next following and~~
8 ~~shall be divided equally between all such remaining payments. Nothing in~~
9 ~~this subsection (5) shall require the withholding from any district of more~~
10 ~~funds than remain to be paid thereto.~~

11 **22-54-116. [Formerly 22-53-123.] Notice to taxpayers -**
12 **assistance by department of education.** The department of education shall
13 assist each district in complying with the requirements of section 22-40-102
14 (6), concerning notice to taxpayers of the reduced mill levy attributable to
15 funds received pursuant to this ~~part 1~~ ARTICLE.

16 **22-54-117. [Formerly 22-53-124.] Contingency reserve.** (1) An
17 amount to be determined by the general assembly shall be appropriated
18 annually to the state public school fund as a contingency reserve. In
19 deciding the amount to be appropriated to the contingency reserve, the
20 general assembly may take into consideration any recommendations made by
21 the department of education, but nothing in this section shall be construed to
22 obligate the general assembly to provide supplemental assistance to all

1 districts determined to be in need ~~thereof~~ or fully fund the total amount of
2 such need. The state board is authorized to approve and order payments
3 from such contingency reserve for supplemental assistance to districts
4 determined to be in need ~~thereof~~ as the result of any or all of the following
5 circumstances:

6 (a) Financial emergencies caused by an act of God or arising from
7 extraordinary problems in the collection of taxes;

8 (b) Financial emergencies arising from the nonpayment of property
9 taxes pending the outcome of an administrative appeal or litigation or both
10 challenging the inclusion of the value of certain property in a county's
11 abstract of assessment which resulted from a change in the applicable state
12 law;

13 (b.5) The amount of property tax levied and collected pursuant to
14 section 39-10-114, C.R.S., is insufficient for the purpose of making
15 abatements and refunds of property taxes which the district is required to
16 make pursuant to said section. In determining which districts receive
17 payments pursuant to this paragraph (b.5) and the amount of such payments,
18 the state board shall consider the amount of the insufficiency as a percentage
19 of the district's total ~~equalization~~ program. ~~funding~~.

20 (c) Any contingency which could not have been reasonably foreseen
21 at the time of the adoption of the annual budget, including, but not limited

1 to, reductions in valuation of the district in excess of twenty percent as
2 described in section 39-10-114 (1) (a) (I) (B.5), C.R.S.;

3 (d) Unusual financial burden caused by instruction of children who
4 formerly resided outside the district but have been assigned to live within the
5 district by courts or public welfare agencies. Such supplemental assistance
6 shall not exceed the additional cost for current operations incurred by this
7 circumstance.

8 (2) Application by a district for supplemental assistance shall set
9 forth fully the grounds upon which it relies for assistance and shall be sworn
10 to under oath by the president and secretary of the district board of the
11 district.

12 (3) The state board shall conduct such investigation as it deems
13 proper, and, if it finds that an application should be approved, it shall
14 determine the amount to be paid. ~~and~~, By order upon the state treasurer,
15 SAID BOARD shall direct payment from the contingency reserve of such
16 amount to the treasurer of the eligible district for credit to the general fund
17 of the district.

18 (4) Notwithstanding the provisions of subsection (1) of this section
19 concerning circumstances under which the state board may approve and
20 order payments from the contingency reserve, the state board may, in cases
21 of extreme emergency, take into consideration such other factors as it may
22 deem necessary and proper in granting supplemental assistance from the

1 contingency reserve to those districts which could not maintain their schools
2 without such additional financial assistance.

3 (5) If a payment for supplemental assistance is made pursuant to
4 paragraph (b) of subsection (1) of this section and the disputed property is
5 finally determined to have been properly included in the abstract of
6 assessment, the payment shall be reimbursed by the school district after
7 collection of the taxes to the contingency reserve fund in full, plus interest
8 at the same rate as provided by statute for penalty interest on unpaid
9 property taxes.

10 (6) Any unexpended balance in the contingency reserve at the end
11 of each fiscal year shall revert to the state general fund.

12 **22-54-118. [Formerly 22-53-125.] Joint districts.** (1) The board
13 of education of a joint district shall determine the location of its
14 administrative headquarters and shall notify both the state board and the
15 treasurer of each county in which any territory of such joint district is
16 situated of such location.

17 (2) Allocation of moneys in the county public school fund to a joint
18 district partially situated in a county shall be made on the basis set forth in
19 section ~~22-53-120~~ 22-54-113.

20 (3) All moneys collected under this ~~part 4~~ ARTICLE by the county
21 treasurer of a county in which part of a joint district is situated shall be
22 credited to such joint district and at the end of each month shall be paid over

1 ~~by him~~ to the treasurer of the county in which the administrative
2 headquarters of such joint district is located and forthwith credited or paid
3 over to the general fund of such joint district. The treasurer of the county
4 in which the administrative headquarters of the joint district is located shall
5 make no charge for collection of moneys transferred ~~to him~~ from other
6 counties. Warrants of a joint district shall be drawn only upon the treasurer
7 of the county in which its administrative headquarters is located in those
8 cases where a district has not elected under law to withdraw its funds from
9 the custody of the county treasurer.

10 **22-54-119. [Formerly 22-53-126.] General provisions.** (1) The
11 county treasurer shall charge a collection fee of one-half of one percent upon
12 moneys collected for or distributed ~~by him~~ to any district located in whole
13 or in part in ~~his~~ THE county from taxes levied for the general fund of the
14 district.

15 (2) Nothing in this ~~part 4~~ ARTICLE shall affect or limit the authority
16 of any district to make such other tax levies as are provided by law.

17 (3) Nothing in this ~~part 4~~ ARTICLE shall in any manner affect the
18 rights of districts to moneys allowable or payable to such districts under the
19 provisions of other laws.

20 **22-54-120. [Formerly 22-53-127.] Rules and regulations.**
21 (1) The state board shall make reasonable rules and regulations necessary
22 for the administration and enforcement of this ~~part 4~~ ARTICLE.

1 (2) All reports and certifications required from secretaries of boards
2 of education pursuant to the provisions of this ~~part 1~~ ARTICLE shall be made
3 in such manner and form as may be prescribed by the state board.

4 **SECTION 7. Repeal.** Part 1 of article 53 of title 22, Colorado
5 Revised Statutes, 1988 Repl. Vol., as amended, is repealed.

6 **SECTION 8.** 22-28-104 (2), Colorado Revised Statutes, 1988
7 Repl. Vol., as amended, is amended to read:

8 **22-28-104. Establishment of public preschool programs.** (2) IN
9 RECOGNITION OF THE FACT THAT THERE ARE THOUSANDS OF CHILDREN IN
10 COLORADO NOT PRESENTLY BEING SERVED WHO WOULD BENEFIT FROM THE
11 STATE PRESCHOOL PROGRAM, the number of children that may participate in
12 the state preschool program ~~in the 1992-93 budget year and budget years~~
13 ~~thereafter shall be determined based upon available appropriations for such~~
14 ~~program.~~ SHALL BE INCREASED:

- 15 (a) TO NOT MORE THAN 4,500 IN THE 1994-95 BUDGET YEAR;
16 (b) TO NOT MORE THAN 6,500 IN THE 1995-96 BUDGET YEAR; AND
17 (c) TO NOT MORE THAN 8,500 IN THE 1996-97 BUDGET YEAR AND
18 BUDGET YEARS THEREAFTER.

19 **SECTION 9.** 22-32-117 (2), Colorado Revised Statutes, 1988
20 Repl. Vol., is amended to read:

21 **22-32-117. Miscellaneous fees.** (2) (a) A board may not require
22 a pupil who has not completed the twelfth grade to pay any fees as a

1 condition of enrollment in school, or as a condition of attendance in any
2 course of study, instruction, or class, except tuition as authorized by law,
3 charges and fees authorized by this section and section 22-32-118, and those
4 fees reasonably necessary for textbooks or expendable supplies if such are
5 not provided free of charge; except that miscellaneous fees may be collected
6 on a voluntary basis as a condition of participation or attendance at a
7 school-sponsored activity or program not within the academic portion of the
8 educational program.

9 (b) ANY FEE COLLECTED PURSUANT TO THE PROVISIONS OF THIS
10 SUBSECTION (2) SHALL BE USED FOR THE PURPOSE SET FORTH IN THE
11 RESOLUTION OF THE BOARD AUTHORIZING THE COLLECTION OF SUCH FEE
12 AND SHALL NOT BE EXPENDED FOR ANY OTHER PURPOSE. A COMPLETE LIST
13 OF FEES AND THEIR PURPOSES SHALL BE MADE AVAILABLE BY THE BOARD
14 UPON REQUEST.

15 **SECTION 10.** 22-32-116.5 (1), Colorado Revised Statutes, 1988
16 Repl. Vol., as amended, is amended to read:

17 **22-32-116.5. Interscholastic activities.** (1) Notwithstanding any
18 other provision of this article or any policy or rule of any recognized
19 association of schools which organizes and controls sanctioned interscholastic
20 activities, a student enrolled in the student's school district of residence shall
21 be allowed to participate in an interscholastic activity sponsored in any other
22 school within said school district or at any school in a school district which

1 has boundaries contiguous to the boundaries of the student's school district
2 of residence if the school in which the student is enrolled does not sponsor
3 that particular interscholastic activity and if the student otherwise meets the
4 school's eligibility requirements for participation. Any student participating
5 in an interscholastic activity pursuant to the provisions of this section may
6 be required to pay a fee as a prerequisite to such participation. ANY FEE
7 COLLECTED PURSUANT TO THE PROVISIONS OF THIS SUBSECTION (1) SHALL
8 BE USED TO FUND THE INTERSCHOLASTIC ACTIVITY AND SHALL NOT BE
9 EXPENDED FOR ANY OTHER PURPOSE.

10 SECTION 11. 22-32-118, Colorado Revised Statutes, 1988 Repl.
11 Vol., is amended BY THE ADDITION OF A NEW SUBSECTION to read:

12 22-32-118. Summer schools - continuation, evening, and
13 community education programs. (3) ANY CHARGE, FEE, OR TUITION
14 COLLECTED PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL BE USED
15 TO FUND THE PROGRAM FOR WHICH THE CHARGE, FEE, OR TUITION WAS
16 COLLECTED AND SHALL NOT BE EXPENDED FOR ANY OTHER PURPOSE.

17 SECTION 12. 22-42-104 (1) and the introductory portion to
18 22-42-104 (2) (a), Colorado Revised Statutes, 1988 Repl. Vol., as amended,
19 are amended to read:

20 22-42-104. Limit of bonded indebtedness. (1) (a) ~~Except as~~
21 ~~otherwise provided in section 22-43-102 (6),~~ Each school district shall have
22 a limit of bonded indebtedness of ~~twenty~~ TEN percent of the ~~latest valuation~~

1 ~~for assessment~~ MOST RECENT DETERMINATION OF THE ACTUAL VALUE of the
2 taxable property in such district, as certified by the county assessor to the
3 board of county commissioners. The indebtedness of the former districts or
4 parts of districts, constituting any new district, shall not be considered in
5 fixing the limit of such ~~twenty~~ TEN percent; but, if any school district shall
6 assume the bonded indebtedness of any district or districts, or a
7 proportionate share thereof, existing at the time of inclusion in the assuming
8 school district, pursuant to law, such bonded indebtedness shall be included
9 in the ~~twenty~~ TEN percent limitation.

10 (b) The permission to incur additional bonded indebtedness, granted
11 by the property tax administrator in the division of property taxation of the
12 department of local affairs, and any school district bonds issued pursuant
13 thereto on or after May 10, 1972, are hereby validated. This paragraph (b)
14 shall not be construed to grant authority to incur bonded indebtedness in
15 excess of said ~~twenty~~ TEN percent limitation.

16 (2) (a) Notwithstanding the provisions of subsection (1) of this
17 section, the limit on bonded indebtedness of a school district shall be
18 ~~twenty-five~~ TEN percent of the ~~latest valuation for assessment~~ MOST RECENT
19 DETERMINATION OF THE ACTUAL VALUE of the taxable property in such
20 district, as certified by the county assessor to the board of county
21 commissioners, if the commissioner of education or his designee certifies
22 that for each of the preceding three fiscal years, excluding the six-month

1 transitional fiscal year occurring between January 1, 1992, and June 30,
2 1992, the pupil enrollment of the district, as determined in accordance with
3 section 22-53-103 (7), or the funded pupil count of the district, as
4 determined in accordance with section 22-53-103 (4.5), whichever is
5 applicable, has increased:

6 **SECTION 13.** 22-45-103 (1) (b) (I), Colorado Revised Statutes,
7 1988 Repl. Vol., is amended to read:

8 **22-45-103. Funds.** (1) The following funds are created for each
9 school district for purposes specified in this article:

10 (b) **Bond redemption fund.** (I) The revenues from a tax levy for
11 the purpose of satisfying bonded indebtedness obligations, both principal and
12 interest, shall be recorded in the bond redemption fund. The bond
13 redemption fund may include more than one subsidiary account for which a
14 separate tax levy is made to satisfy the obligations of bonded indebtedness,
15 including a separate tax levy to satisfy the obligations of bonded indebtedness
16 incurred by a former school district. The revenues from each separate tax
17 levy shall be held in trust for the purpose of satisfying the obligations of the
18 bonded indebtedness for which the tax levy was made; except that revenues,
19 if any, remaining to the credit of a separate subsidiary account after
20 satisfaction of all such obligations of that subsidiary account may be
21 transferred to another subsidiary account in the same fund. THE AMOUNT
22 OF SPECIFIC OWNERSHIP TAX REVENUE PAID TO THE SCHOOL DISTRICT

1 PURSUANT TO SECTION 42-3-106 (26), C.R.S., WHICH IS ATTRIBUTABLE TO
2 PROPERTY TAX LEVIES MADE FOR THE PURPOSE OF SATISFYING BONDED
3 INDEBTEDNESS OBLIGATIONS, BOTH PRINCIPAL AND INTEREST, EXISTING ON
4 THE EFFECTIVE DATE OF THIS ACT SHALL ALSO BE RECORDED IN THE BOND
5 REDEMPTION FUND.

6 **SECTION 14. Effective date.** This act shall take effect upon
7 passage; except that section 2 shall take effect July 1, 1994.

8 **SECTION 15. Safety clause.** The general assembly hereby finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, and safety.

JOINT RESOLUTION 1

1 increase in some districts is significant enough to warrant consideration by
2 the General Assembly; and

3 WHEREAS, While states are generally prohibited from considering
4 federal impact aid payments in determining state aid for school finance
5 purposes, such payments may be considered if a program of state aid for
6 free public education designed to equalize expenditures among school
7 districts is in effect; and

8 WHEREAS, A state that wishes to take P.L. 81-874 funds into
9 consideration for school finance purposes must submit notice to the Secretary
10 of the United States Department of Education at least sixty days prior to the
11 beginning of the fiscal year; and

12 WHEREAS, The state Department of Education may submit such
13 notice on behalf of the state of Colorado, along with information that will
14 enable the Secretary of Education to determine whether the state has in effect
15 a program of state aid for free public education which is designed to equalize
16 expenditures; now, therefore,

1 WHEREAS, Federal impact aid (P.L. 81-874 funds) is provided to
2 school districts when the tax base of the district is reduced due to the
3 acquisition of property by the federal government or the presence of Native
4 American reservations, or when federal projects or activities increase the
5 number of children a district must educate; and

6 WHEREAS, School districts may expend funds received under P.L.
7 81-874 at their discretion with the exception of funds received for disabled
8 children with a parent on active military duty or disabled Native American
9 children; and

10 WHEREAS, In 1991, forty-two Colorado school districts received
11 a total of \$8.9 million in unrestricted federal impact aid funds, with the
12 funding per pupil in such districts ranging from approximately \$700 to less
13 than \$1; and

14 WHEREAS, Although unrestricted federal impact aid represents a
15 small portion of school district revenue statewide, the per pupil funding

1 *Be It Resolved by the _____ of the Fifty-ninth*
2 *General Assembly of the State of Colorado, the _____ concurring*

3 *herein:*

4 That the General Assembly hereby requests the state Department of
5 Education, on behalf of the state of Colorado, to submit an application to the
6 Secretary of Education to begin the process of applying for the approval to
7 consider federal impact aid (P.L. 81-874 funds) in the state's school finance
8 funding decisions for the 1995-96 budget year and budget years thereafter.

9 *Be It Further Resolved, That a copy of this Resolution be*
10 *transmitted to William T. Randall, Commissioner of Education.*