Second Regular Session Sixty-fifth General Assembly STATE OF COLORADO

REENGROSSED

This Version Includes All Amendments Adopted in the House of Introduction

LLS NO. 06-0604.01 Richard Sweetman

HOUSE BILL 06-1283

HOUSE SPONSORSHIP

Merrifield, Paccione, Benefield, Pommer, Solano, and Todd

SENATE SPONSORSHIP

Windels,

House Committees

Senate Committees

Education Appropriations

	A BILL FOR AN ACT
101	CONCERNING A REQUIREMENT THAT EACH SCHOOL DISTRICT SPEND AT
102	LEAST A SPECIFIED PERCENTAGE OF ITS TOTAL OPERATIONAL
103	EXPENDITURES ON SERVICES THAT DIRECTLY AFFECT STUDENT
104	ACHIEVEMENT, AND MAKING AN APPROPRIATION THEREFOR.

Bill Summary

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

Requires each school district to report its annual budget to the department of education in a standard format.

Defines "operational expenditures" and "services that directly affect student achievement", and requires each school district to spend a

HOUSE rd Reading Unamended April 28, 2006

HOUSE Amended 2nd Reading April 27, 2006 minimum percentage of its operational expenditures on services that directly affect student achievement.

1	Be it enacted by the General Assembly of the State of Colorado:
2	SECTION 1. Title 22, Colorado Revised Statutes, is amended BY
3	THE ADDITION OF A NEW ARTICLE to read:
4	ARTICLE 54.5
5	Public School Expenditures Accountability Act
6	22-54.5-101. Short title. This article shall be known and
7	MAY BE CITED AS THE "PUBLIC SCHOOL EXPENDITURES ACCOUNTABILITY
8	ACT".
9	22-54.5-102. Legislative declaration. (1) THE GENERAL
10	ASSEMBLY FINDS AND DETERMINES THAT:
11	(a) COLORADO'S SCHOOL DISTRICTS HAVE THE RESPONSIBILITY TO
12	ENSURE THAT OPERATIONAL EXPENDITURES MAXIMIZE THE QUALITY OF
13	EACH STUDENT'S EDUCATIONAL EXPERIENCE;
14	(b) COLORADO'S PUBLIC SCHOOL STUDENTS HAVE THE RIGHT TO
15	REALIZE THE IMMEDIATE EFFECTS OF ADDITIONAL RESOURCES, WHETHER
16	THESE RESOURCES ARE PROVIDED THROUGH NEW OR REALLOCATED
17	FUNDING, THAT ARE FOCUSED ON SERVICES THAT DIRECTLY AFFECT EACH
18	STUDENT'S ACHIEVEMENT;
19	(c) TAXPAYERS, INCLUDING PARENTS AND BUSINESS OWNERS IN
20	EACH SCHOOL DISTRICT, HAVE A RIGHT TO KNOW WHETHER THEIR TAX
21	DOLLARS ARE BEING APPROPRIATELY BUDGETED AND SPENT BY THEIR
22	SCHOOL DISTRICTS TO PROVIDE STUDENTS WITH AN OPPORTUNITY FOR A
23	QUALITY EDUCATION.
24	(2) The general assembly therefore declares that, to
25	ENSURE ACCOUNTABILITY IN SCHOOL DISTRICT BUDGETING TO TAXPAYERS

-2-

1	AND STUDENTS, IT IS NECESSARY TO REQUIRE EACH SCHOOL DISTRICT:
2	(a) TO ADOPT AN ANNUAL BUDGET REPORT IN A STANDARD
3	FORMAT THAT PROVIDES TRANSPARENCY AND COMPARABILITY FROM
4	DISTRICT TO DISTRICT FOR THE PURPOSE OF PUBLIC INSPECTION; AND
5	(b) TO SPEND A MINIMUM PERCENTAGE OF ITS OPERATIONAL
6	EXPENDITURES ON SERVICES THAT DIRECTLY AFFECT STUDENT
7	ACHIEVEMENT.
8	22-54.5-103. Definitions. AS USED IN THIS ARTICLE, UNLESS THE
9	CONTEXT OTHERWISE REQUIRES:
10	(1)(a) "OPERATIONAL EXPENDITURES" MEANS ALL EXPENDITURES
11	MADE BY A SCHOOL DISTRICT, WITH THE EXCEPTION OF THE FOLLOWING
12	EXPENDITURES RELATED TO TYPES OF REVENUES:
13	(I) ALL MONEYS REQUIRED TO BE SET ASIDE FOR CAPITAL RESERVE
14	AND RISK-MANAGEMENT FUNDING PURSUANT TO SECTION 22-54-105 (2);
15	(II) ALL MONEYS RECEIVED FOR CAPITAL CONSTRUCTION
16	PURSUANT TO SECTION 22-54-117 OR 22-54-124;
17	(III) ALL MONEYS TRANSFERRED TO A DISTRICT CHARTER SCHOOL
18	PURSUANT TO SECTION 22-30.5-112;
19	(IV) ALL MONEYS RECEIVED AS A MILL LEVY OVERRIDE PURSUANT
20	TO SECTION 22-54-107.5 OR 22-54-108 THAT ARE UNRELATED TO
21	SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT;
22	(V) ALL MONEYS SET ASIDE FOR THE SCHOOL DISTRICT'S
23	OPERATING RESERVE FUND PURSUANT TO SECTION 22-44-106;
24	(VI) ALL MONEYS REQUIRED TO BE SET ASIDE FOR THE SCHOOL
25	DISTRICT'S EMERGENCY RESERVE FUND PURSUANT TO SECTION 20 OF
26	ARTICLE X OF THE STATE CONSTITUTION;
27	(VII) LOCAL REVENUES RECEIVED THROUGH LOCAL BOND

-3-

1	ELECTIONS, INCLUDING INTEREST EARNINGS AND SPECIFIC OWNERSHIP
2	TAXES RELATED TO BOND REDEMPTION FUNDS;
3	(VIII) BOND REDEMPTION FUNDS;
4	(IX) LOCAL, STATE, FEDERAL, AND PRIVATE FUNDS RECEIVED FOR
5	A DESIGNATED PURPOSE THAT ARE UNRELATED TO SERVICES THAT
6	DIRECTLY AFFECT STUDENT ACHIEVEMENT;
7	(X) ENTERPRISE FUNDS FROM PROGRAMS THAT ARE UNRELATED
8	TO SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT;
9	(XI) Trust and agency funds received for a designated
10	PURPOSE; AND
11	(XII) INTERNAL SERVICE FUNDS, AS SUCH FUNDS ARE DEFINED BY
12	GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR GOVERNMENTS, WITH
13	THE EXCEPTION OF PROPERTY TAX REVENUES OR ALLOCATIONS
14	ATTRIBUTABLE TO THE GENERAL FUND PURSUANT TO SECTION $22-54-105$
15	AND THE CORRESPONDING EXPENDITURES OF SUCH PROPERTY TAXES OR
16	ALLOCATIONS.
17	(2) (a) "Services that directly affect student
18	ACHIEVEMENT" MEANS PROGRAMS AND SERVICES FUNDED BY A SCHOOL
19	DISTRICT'S TOTAL BUDGET THAT HAVE AN IMMEDIATE EFFECT ON THE
20	QUALITY OF A STUDENT'S EDUCATIONAL EXPERIENCE, INCLUDING BUT NOT
21	LIMITED TO:
22	(I) SALARIES AND BENEFITS OF SCHOOL PERSONNEL WHO HOLD
23	EDUCATOR OR OTHER PROFESSIONAL LICENSES OR CERTIFICATIONS,
24	INCLUDING BUT NOT LIMITED TO PRINCIPALS, ASSISTANT PRINCIPALS,
25	ACADEMIC OR DISCIPLINARY DEANS, TEACHERS, SUBSTITUTE TEACHERS,
26	SCHOOL LIBRARIANS AND MEDIA SPECIALISTS, SCHOOL COUNSELORS,
27	SCHOOL NURSES, SCHOOL PSYCHOLOGISTS, AND SCHOOL SOCIAL WORKERS;

-4- 1283

1	(II) SALARIES AND BENEFITS OF SCHOOL PERSONNEL WHO DO NOT
2	HOLD EDUCATOR OR OTHER PROFESSIONAL LICENSES OR CERTIFICATIONS,
3	INCLUDING BUT NOT LIMITED TO PARAPROFESSIONALS, BUS DRIVERS, FOOD
4	SERVICE EMPLOYEES, SCHOOL SUPPORT STAFF, AND ATHLETIC COACHES;
5	(III) SUPPLIES, MATERIALS, EQUIPMENT, AND TECHNOLOGY
6	INTENDED TO SERVE AN INSTRUCTIONAL PURPOSE;
7	$(IV)\ Instructional\ services\ purchased\ by\ a\ school\ district$
8	FROM INDIVIDUALS OR ENTITIES OUTSIDE THE SCHOOL DISTRICT;
9	(V) Instructional services provided through enterprise
10	PROGRAMS, INCLUDING BUT NOT LIMITED TO PRESCHOOL, FULL-DAY
11	KINDERGARTEN, BEFORE- AND AFTER-SCHOOL PROGRAMS, TUTORING, AND
12	EXTENDED-DAY PROGRAMS;
13	(VI) EXTRACURRICULAR STUDENT ACTIVITIES, INCLUDING BUT
14	NOT LIMITED TO ATHLETICS; AND
15	(VII) CERTAIN SUPPORT SERVICES PROVIDED AT THE SCHOOL
16	LEVEL, INCLUDING:
17	(A) Instructional support, including but not limited to
18	THE COORDINATION, DELIVERY, EVALUATION, AND TECHNOLOGICAL
19	SUPPORT OF TEACHER TRAINING AND PROFESSIONAL DEVELOPMENT,
20	CURRICULUM DEVELOPMENT, AND STUDENT TESTING;
21	(B) STUDENT SUPPORT, INCLUDING BUT NOT LIMITED TO THE
22	COORDINATION, DELIVERY, EVALUATION, AND TECHNOLOGICAL SUPPORT
23	OF COLLEGE PLACEMENT SERVICES, STUDENT HEALTH CARE AND MEDICAL
24	SERVICES, NUTRITIONAL SERVICES, AND ATTENDANCE AND OTHER
25	STUDENT RECORD-KEEPING SERVICES;
26	(C) FOOD SERVICES FOR STUDENTS; AND
27	(D) TRANSPORTATION FOR STUDENTS.

-5- 1283

1	(b) SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT
2	DOES NOT INCLUDE:
3	(I) CENTRAL SCHOOL DISTRICT OFFICE SERVICES AND BUSINESS
4	SERVICES, INCLUDING BUT NOT LIMITED TO ACCOUNTING, BUDGETING,
5	PAYROLL, RECEIVING, PURCHASING, PLANNING, RECRUITING, HUMAN
6	RESOURCES ADMINISTRATION, RISK MANAGEMENT ADMINISTRATION, AND
7	COMMUNICATIONS;
8	(II) GENERAL SCHOOL DISTRICT ADMINISTRATION, INCLUDING BUT
9	NOT LIMITED TO:
10	(A) SALARIES AND BENEFITS OF SCHOOL DISTRICT
11	SUPERINTENDENTS, ASSISTANT SUPERINTENDENTS, AND OTHER PERSONNEL
12	ASSOCIATED WITH CENTRAL SCHOOL DISTRICT OFFICE SERVICES AND
13	BUSINESS SERVICES, AS THESE SERVICES ARE DESCRIBED IN
14	SUBPARAGRAPH (I) OF THIS PARAGRAPH (b); AND
15	(B) ADMINISTRATIVE FUNCTIONS, INCLUDING BUT NOT LIMITED TO
16	COSTS ASSOCIATED WITH SCHOOL DISTRICT DIRECTORS, LEGAL MATTERS,
17	AUDITS, FEES PAID TO THE COUNTY TREASURER, AND ELECTIONS; OR
18	(III) OPERATIONS AND MAINTENANCE OF FACILITIES, INCLUDING
19	BUT NOT LIMITED TO PROPERTY INSURANCE PAYMENTS; MAINTENANCE
20	AND REPAIR OF BUILDINGS, GROUNDS, VENTILATION SYSTEMS, EQUIPMENT,
21	AND SECURITY SYSTEMS; AND THE SALARIES AND BENEFITS OF CUSTODIAL,
22	MAINTENANCE, AND GROUNDS PERSONNEL.
23	(3) "STATE BOARD" MEANS THE STATE BOARD OF EDUCATION.
24	22-54.5-104. Annual budget reporting. (1) EACH SCHOOL
25	DISTRICT SHALL PREPARE AN ANNUAL BUDGET AS REQUIRED BY SECTION
26	22-44-105andfilethatbudgetwiththedepartmentofeducation
27	ON OR BEFORE DECEMBER 31, 2007, AND ON OR BEFORE DECEMBER 31

-6- 1283

1	EACH YEAR THEREAFTER.
2	(2) THE STATE BOARD SHALL DESIGNATE A STANDARD FORMAT
3	FOR THE SCHOOL DISTRICTS' ANNUAL BUDGETS BY JULY 1, 2007.
4	(3) EACH SCHOOL DISTRICT SHALL ADOPT THE DESIGNATED
5	ANNUAL BUDGET FORMAT PURSUANT TO SECTION 22-44-110. THE
6	STANDARD FORMAT FOR THE ANNUAL BUDGET SHALL SUMMARIZE
7	REVENUES BY REVENUE SOURCE AND SHALL SUMMARIZE EXPENDITURES
8	BY FUNCTION, FUND, AND OBJECT AS THESE TERMS ARE DEFINED IN
9	SECTION 22-44-102.
10	(4) THE ANNUAL BUDGET REPORT FORMAT DESIGNATED BY THE
11	STATE BOARD SHALL BE SUBSTANTIALLY CONSISTENT FROM YEAR TO
12	YEAR.
13	22-54.5-105. Expenditures on student services. (1) EXCEPT AS
14	OTHERWISE PROVIDED IN SUBSECTION (2) OF THIS SECTION AND IN SECTION
15	22-54.5-106 (2), IN THE 2007-08 BUDGET YEAR, AND IN EACH BUDGET
16	YEAR THEREAFTER, EACH SCHOOL DISTRICT SHALL SPEND AT LEAST
17	SEVENTY-FIVE PERCENT OF ITS OPERATIONAL EXPENDITURES ON SERVICES
18	THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT. EXPENDITURES BY A
19	CHARTER SCHOOL WITHIN A SCHOOL DISTRICT SHALL NOT BE CONSIDERED
20	EXPENDITURES BY THAT SCHOOL DISTRICT.
21	(2) A SCHOOL DISTRICT MAY HOLD A PUBLIC ELECTION FOR THE
22	PURPOSE OF DETERMINING WHETHER VOTERS IN THE SCHOOL DISTRICT
23	WISH TO EXEMPT THE SCHOOL DISTRICT FROM THE OPERATIONAL
24	EXPENDITURES REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS

SECTION. IF A MAJORITY OF VOTERS IN A SCHOOL DISTRICT VOTE TO

EXEMPT THE SCHOOL DISTRICT FROM THE OPERATIONAL EXPENDITURES

REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION, THE SCHOOL

25

26

27

-7- 1283

1	DISTRICT SHALL BE EXEMPT FROM THE OPERATIONAL EXPENDITURES
2	REQUIREMENT.
3	(3) THE STATE BOARD SHALL ANNUALLY DETERMINE WHETHER A
4	SCHOOL DISTRICT HAS SATISFIED THE OPERATIONAL EXPENDITURES
5	REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE STATE
6	BOARD SHALL BASE THIS DETERMINATION UPON THE END-OF-YEAR
7	FINANCIAL AUDIT OF THE SCHOOL DISTRICT'S BUDGET CONDUCTED
8	PURSUANT TO SECTION 22-32-109 (1) (k) AND NOT UPON THE ANNUAL
9	BUDGET PREPARED BY THE SCHOOL DISTRICT PURSUANT TO SECTIONS
10	22-44-105 AND 22-54.5-104.
11	(4) Before December 31, 2008, and before December 31 each
12	YEAR THEREAFTER, THE STATE BOARD SHALL REPORT TO THE GENERAL
13	ASSEMBLY A LIST OF ALL SCHOOL DISTRICTS IN THE STATE THAT:
14	(a) FAILED IN THE PRECEDING SCHOOL YEAR TO SATISFY THE
15	OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SUBSECTION (1)
16	OF THIS SECTION; AND
17	(b) ARE NOT EXEMPT FROM THE OPERATIONAL EXPENDITURES
18	REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION AS A RESULT
19	OF A LOCAL ELECTION HELD PURSUANT TO SUBSECTION (2) OF THIS
20	SECTION OR A WAIVER ISSUED PURSUANT TO SECTION $22-54.5-106(2)(a)$.
21	(5) THE GENERAL ASSEMBLY MAY IMPOSE SANCTIONS UPON A
22	SCHOOL DISTRICT THAT FAILS TO SATISFY THE OPERATIONAL
23	EXPENDITURES REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS
24	SECTION UNLESS THE SCHOOL DISTRICT IS EXEMPT FROM THE
25	REQUIREMENT AS A RESULT OF A LOCAL ELECTION HELD PURSUANT TO
26	SUBSECTION (2) OF THIS SECTION OR A WAIVER ISSUED PURSUANT TO
27	SECTION 22-54.5-106 (2) (a).

-8- 1283

1	22-54.5-106. Enforcement - waivers - local elections.
2	(1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (2) AND (3) OF THIS
3	SECTION, IF A SCHOOL DISTRICT FAILS TO SATISFY THE OPERATIONAL
4	EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1) IN
5	THE $2007-08$ BUDGET YEAR OR A BUDGET YEAR THEREAFTER, THE SCHOOL
6	DISTRICT SHALL INCREASE ITS OPERATIONAL EXPENDITURES ON SERVICES
7	THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT BY TWO PERCENT OF ITS
8	TOTAL OPERATIONAL EXPENDITURES EACH YEAR UNTIL THE SCHOOL
9	DISTRICT SATISFIES THE OPERATIONAL EXPENDITURES REQUIREMENT
10	SPECIFIED IN SECTION 22-54.5-105 (1).
11	(2) (a) A SCHOOL DISTRICT THAT HAS FAILED TO SATISFY THE
12	OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION
13	22-54.5-105 (1) MAY APPLY TO THE STATE BOARD FOR A WAIVER,
14	PURSUANT TO SECTION 22-2-117, EXCUSING THE SCHOOL DISTRICT FROM
15	COMPLIANCE WITH THE OPERATIONAL EXPENDITURES REQUIREMENT.
16	(b) A SCHOOL DISTRICT THAT APPLIES FOR A WAIVER PURSUANT TO
17	THIS SUBSECTION (2) SHALL SPECIFY IN THE APPLICATION THE MANNER IN
18	WHICH IT SHALL COMPLY WITH THE INTENT OF THE OPERATIONAL
19	EXPENDITURES REQUIREMENT AND SHALL BE ACCOUNTABLE TO THE STATE
20	BOARD FOR SUCH COMPLIANCE.
21	(c) If a school district that has failed to meet the
22	OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION
23	22-54.5-105 (1) APPLIES TO THE STATE BOARD FOR A WAIVER PURSUANT
24	TO THIS SUBSECTION (2), THE STATE BOARD MAY, PURSUANT TO SECTION
25	22-2-117, APPROVE A WAIVER EXCUSING THE SCHOOL DISTRICT FROM
26	COMPLIANCE WITH THE OPERATIONAL EXPENDITURES REQUIREMENT.
27	(d) THE STATE BOARD MAY IDENTIFY CRITERIA FOR APPROVAL OR

-9- 1283

1	DENIAL OF A WAIVER PURSUANT TO THIS SUBSECTION (2).
2	(e) IF THE STATE BOARD GRANTS A WAIVER TO A SCHOOL DISTRICT
3	PURSUANT TO THIS SUBSECTION (2), THE STATE BOARD MAY ORALLY
4	NOTIFY THE SCHOOL DISTRICT OF THE DECISION TO GRANT THE WAIVER.
5	IF THE STATE BOARD DENIES A WAIVER TO A SCHOOL DISTRICT PURSUANT
6	TO THIS SUBSECTION (2), THE STATE BOARD SHALL NOTIFY THE SCHOOL
7	DISTRICT IN WRITING THAT THE REQUEST HAS BEEN DENIED AND SPECIFY
8	THE REASONS FOR THE DENIAL.
9	(f) IF THE STATE BOARD GRANTS A WAIVER TO A SCHOOL DISTRICT
10	PURSUANT TO THIS SUBSECTION (2), THE WAIVER SHALL BE VALID FOR ONE
11	YEAR, AFTER WHICH TIME THE SCHOOL DISTRICT SHALL EITHER:
12	(I) MEET THE OPERATIONAL EXPENDITURES REQUIREMENT
13	SPECIFIED IN SECTION 22-54.5-105 (1);
14	(II) REAPPLY TO THE STATE BOARD FOR ANOTHER WAIVER; OR
15	(III) BECOME EXEMPT FROM THE OPERATIONAL EXPENDITURES
16	REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1) AS THE RESULT OF A
17	PUBLIC ELECTION HELD PURSUANT TO SECTION 22-54.5-105 (2).
18	(3) Pursuant to Section 22-54.5-105 (2), the voters of A
19	SCHOOL DISTRICT MAY, THROUGH A PUBLIC ELECTION, EXEMPT THE
20	SCHOOL DISTRICT FROM THE OPERATIONAL EXPENDITURES REQUIREMENT
21	SPECIFIED IN SECTION 22-54.5-105 (1).
22	SECTION 2. 22-44-111, Colorado Revised Statutes, is amended
23	BY THE ADDITION OF A NEW SUBSECTION to read:
24	22-44-111. Budget - filing. (3) The Board of Education shall
25	REPORT ITS ADOPTED BUDGET TO THE DEPARTMENT OF EDUCATION ON OR
26	BEFORE DECEMBER 31, 2007, AND ON OR BEFORE DECEMBER 31 EACH
27	YEAR THEREAFTER, IN ACCORDANCE WITH SECTION 22-54.5-104.

-10-

SECTION 3. Appropriation. In addition to any other
appropriation, there is hereby appropriated, out of any moneys in the
general fund not otherwise appropriated, to the department of education,
for the fiscal year beginning July 1, 2006, the sum of twenty-five
thousand two hundred forty-five dollars (\$25,245) and 0.3 FTE, or so
much thereof as may be necessary, for the implementation of this act.
SECTION 4. Safety clause. The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate
preservation of the public peace, health, and safety.

-11- 1283