

NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.



HOUSE BILL 06-1283

BY REPRESENTATIVE(S) Merrifield, Paccione, Benefield, Pommer, Solano, Todd, Borodkin, Coleman, Kerr A., Vigil, and Green;
also SENATOR(S) Windels, Bacon, Entz, Groff, and Grossman.

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

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

SECTION 1. Title 22, Colorado Revised Statutes, is amended BY
THE ADDITION OF A NEW ARTICLE to read:

ARTICLE 54.5
Public School Expenditures Accountability Act

22-54.5-101. Short title. THIS ARTICLE SHALL BE KNOWN AND MAY
BE CITED AS THE "PUBLIC SCHOOL EXPENDITURES ACCOUNTABILITY ACT".

22-54.5-102. Legislative declaration. (1) THE GENERAL ASSEMBLY
FINDS AND DETERMINES THAT:

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

(a) COLORADO'S SCHOOL DISTRICTS HAVE THE RESPONSIBILITY TO ENSURE THAT OPERATIONAL EXPENDITURES MAXIMIZE THE QUALITY OF EACH STUDENT'S EDUCATIONAL EXPERIENCE;

(b) COLORADO'S PUBLIC SCHOOL STUDENTS HAVE THE RIGHT TO REALIZE THE IMMEDIATE EFFECTS OF ADDITIONAL RESOURCES, WHETHER THESE RESOURCES ARE PROVIDED THROUGH NEW OR REALLOCATED FUNDING, THAT ARE FOCUSED ON SERVICES THAT DIRECTLY AFFECT EACH STUDENT'S ACHIEVEMENT;

(c) TAXPAYERS, INCLUDING PARENTS AND BUSINESS OWNERS IN EACH SCHOOL DISTRICT, HAVE A RIGHT TO KNOW WHETHER THEIR TAX DOLLARS ARE BEING APPROPRIATELY BUDGETED AND SPENT BY THEIR SCHOOL DISTRICTS TO PROVIDE STUDENTS WITH AN OPPORTUNITY FOR A QUALITY EDUCATION.

(2) THE GENERAL ASSEMBLY THEREFORE DECLARES THAT, TO ENSURE ACCOUNTABILITY IN SCHOOL DISTRICT BUDGETING TO TAXPAYERS AND STUDENTS, IT IS NECESSARY TO REQUIRE EACH SCHOOL DISTRICT:

(a) TO ADOPT AN ANNUAL BUDGET REPORT IN A STANDARD FORMAT THAT PROVIDES TRANSPARENCY AND COMPARABILITY FROM DISTRICT TO DISTRICT FOR THE PURPOSE OF PUBLIC INSPECTION; AND

(b) TO SPEND A MINIMUM PERCENTAGE OF ITS OPERATIONAL EXPENDITURES ON SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT.

22-54.5-103. Definitions. AS USED IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) (a) "OPERATIONAL EXPENDITURES" MEANS ALL EXPENDITURES MADE BY A SCHOOL DISTRICT, WITH THE EXCEPTION OF THE FOLLOWING EXPENDITURES RELATED TO TYPES OF REVENUES:

(I) ALL MONEYS REQUIRED TO BE SET ASIDE FOR CAPITAL RESERVE AND RISK-MANAGEMENT FUNDING PURSUANT TO SECTION 22-54-105 (2);

(II) ALL MONEYS RECEIVED FOR CAPITAL CONSTRUCTION PURSUANT TO SECTION 22-54-117 OR 22-54-124;

(III) ALL MONEYS TRANSFERRED TO A DISTRICT CHARTER SCHOOL PURSUANT TO SECTION 22-30.5-112;

(IV) ALL MONEYS RECEIVED AS A MILL LEVY OVERRIDE PURSUANT TO SECTION 22-54-107.5 OR 22-54-108 THAT ARE UNRELATED TO SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT;

(V) ALL MONEYS SET ASIDE FOR THE SCHOOL DISTRICT'S OPERATING RESERVE FUND PURSUANT TO SECTION 22-44-106;

(VI) ALL MONEYS REQUIRED TO BE SET ASIDE FOR THE SCHOOL DISTRICT'S EMERGENCY RESERVE FUND PURSUANT TO SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION;

(VII) LOCAL REVENUES RECEIVED THROUGH LOCAL BOND ELECTIONS, INCLUDING INTEREST EARNINGS AND SPECIFIC OWNERSHIP TAXES RELATED TO BOND REDEMPTION FUNDS;

(VIII) BOND REDEMPTION FUNDS;

(IX) LOCAL, STATE, FEDERAL, AND PRIVATE FUNDS RECEIVED FOR A DESIGNATED PURPOSE THAT ARE UNRELATED TO SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT;

(X) ENTERPRISE FUNDS FROM PROGRAMS THAT ARE UNRELATED TO SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT;

(XI) TRUST AND AGENCY FUNDS RECEIVED FOR A DESIGNATED PURPOSE; AND

(XII) INTERNAL SERVICE FUNDS, AS SUCH FUNDS ARE DEFINED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR GOVERNMENTS, WITH THE EXCEPTION OF PROPERTY TAX REVENUES OR ALLOCATIONS ATTRIBUTABLE TO THE GENERAL FUND PURSUANT TO SECTION 22-54-105 AND THE CORRESPONDING EXPENDITURES OF SUCH PROPERTY TAXES OR ALLOCATIONS.

(2) (a) "SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT" MEANS PROGRAMS AND SERVICES FUNDED BY A SCHOOL DISTRICT'S TOTAL BUDGET THAT HAVE AN IMMEDIATE EFFECT ON THE QUALITY OF A STUDENT'S

EDUCATIONAL EXPERIENCE, INCLUDING BUT NOT LIMITED TO:

(I) SALARIES AND BENEFITS OF SCHOOL PERSONNEL WHO HOLD EDUCATOR OR OTHER PROFESSIONAL LICENSES OR CERTIFICATIONS, INCLUDING BUT NOT LIMITED TO PRINCIPALS, ASSISTANT PRINCIPALS, ACADEMIC OR DISCIPLINARY DEANS, TEACHERS, SUBSTITUTE TEACHERS, SCHOOL LIBRARIANS AND MEDIA SPECIALISTS, SCHOOL COUNSELORS, SCHOOL NURSES, SCHOOL PSYCHOLOGISTS, AND SCHOOL SOCIAL WORKERS;

(II) SALARIES AND BENEFITS OF SCHOOL PERSONNEL WHO DO NOT HOLD EDUCATOR OR OTHER PROFESSIONAL LICENSES OR CERTIFICATIONS, INCLUDING BUT NOT LIMITED TO PARAPROFESSIONALS, BUS DRIVERS, FOOD SERVICE EMPLOYEES, SCHOOL SUPPORT STAFF, AND ATHLETIC COACHES;

(III) SUPPLIES, MATERIALS, EQUIPMENT, AND TECHNOLOGY INTENDED TO SERVE AN INSTRUCTIONAL PURPOSE;

(IV) INSTRUCTIONAL SERVICES PURCHASED BY A SCHOOL DISTRICT FROM INDIVIDUALS OR ENTITIES OUTSIDE THE SCHOOL DISTRICT;

(V) INSTRUCTIONAL SERVICES PROVIDED THROUGH ENTERPRISE PROGRAMS, INCLUDING BUT NOT LIMITED TO PRESCHOOL, FULL-DAY KINDERGARTEN, BEFORE- AND AFTER-SCHOOL PROGRAMS, TUTORING, AND EXTENDED-DAY PROGRAMS;

(VI) EXTRACURRICULAR STUDENT ACTIVITIES, INCLUDING BUT NOT LIMITED TO ATHLETICS; AND

(VII) CERTAIN SUPPORT SERVICES PROVIDED AT THE SCHOOL LEVEL, INCLUDING:

(A) INSTRUCTIONAL SUPPORT, INCLUDING BUT NOT LIMITED TO THE COORDINATION, DELIVERY, EVALUATION, AND TECHNOLOGICAL SUPPORT OF TEACHER TRAINING AND PROFESSIONAL DEVELOPMENT, CURRICULUM DEVELOPMENT, AND STUDENT TESTING;

(B) STUDENT SUPPORT, INCLUDING BUT NOT LIMITED TO THE COORDINATION, DELIVERY, EVALUATION, AND TECHNOLOGICAL SUPPORT OF COLLEGE PLACEMENT SERVICES, STUDENT HEALTH CARE AND MEDICAL SERVICES, NUTRITIONAL SERVICES, AND ATTENDANCE AND OTHER STUDENT

RECORD-KEEPING SERVICES;

(C) FOOD SERVICES FOR STUDENTS; AND

(D) TRANSPORTATION FOR STUDENTS.

(b) "SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT" DOES NOT INCLUDE:

(I) CENTRAL SCHOOL DISTRICT OFFICE SERVICES AND BUSINESS SERVICES, INCLUDING BUT NOT LIMITED TO ACCOUNTING, BUDGETING, PAYROLL, RECEIVING, PURCHASING, PLANNING, RECRUITING, HUMAN RESOURCES ADMINISTRATION, RISK MANAGEMENT ADMINISTRATION, AND COMMUNICATIONS;

(II) GENERAL SCHOOL DISTRICT ADMINISTRATION, INCLUDING BUT NOT LIMITED TO:

(A) SALARIES AND BENEFITS OF SCHOOL DISTRICT SUPERINTENDENTS, ASSISTANT SUPERINTENDENTS, AND OTHER PERSONNEL ASSOCIATED WITH CENTRAL SCHOOL DISTRICT OFFICE SERVICES AND BUSINESS SERVICES, AS THESE SERVICES ARE DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (b); AND

(B) ADMINISTRATIVE FUNCTIONS, INCLUDING BUT NOT LIMITED TO COSTS ASSOCIATED WITH SCHOOL DISTRICT DIRECTORS, LEGAL MATTERS, AUDITS, FEES PAID TO THE COUNTY TREASURER, AND ELECTIONS; OR

(III) OPERATIONS AND MAINTENANCE OF FACILITIES, INCLUDING BUT NOT LIMITED TO PROPERTY INSURANCE PAYMENTS; MAINTENANCE AND REPAIR OF BUILDINGS, GROUNDS, VENTILATION SYSTEMS, EQUIPMENT, AND SECURITY SYSTEMS; AND THE SALARIES AND BENEFITS OF CUSTODIAL, MAINTENANCE, AND GROUNDS PERSONNEL.

(3) "STATE BOARD" MEANS THE STATE BOARD OF EDUCATION.

22-54.5-104. Annual budget reporting. (1) EACH SCHOOL DISTRICT SHALL PREPARE AN ANNUAL BUDGET AS REQUIRED BY SECTION 22-44-105 AND FILE THAT BUDGET WITH THE DEPARTMENT OF EDUCATION ON OR BEFORE DECEMBER 31, 2007, AND ON OR BEFORE DECEMBER 31 EACH

YEAR THEREAFTER.

(2) THE STATE BOARD SHALL DESIGNATE A STANDARD FORMAT FOR THE SCHOOL DISTRICTS' ANNUAL BUDGETS BY JULY 1, 2007.

(3) EACH SCHOOL DISTRICT SHALL ADOPT THE DESIGNATED ANNUAL BUDGET FORMAT PURSUANT TO SECTION 22-44-110. THE STANDARD FORMAT FOR THE ANNUAL BUDGET SHALL SUMMARIZE REVENUES BY REVENUE SOURCE AND SHALL SUMMARIZE EXPENDITURES BY FUNCTION, FUND, AND OBJECT AS THESE TERMS ARE DEFINED IN SECTION 22-44-102.

(4) THE ANNUAL BUDGET REPORT FORMAT DESIGNATED BY THE STATE BOARD SHALL BE SUBSTANTIALLY CONSISTENT FROM YEAR TO YEAR.

22-54.5-105. Expenditures on student services. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2) OF THIS SECTION AND IN SECTION 22-54.5-106 (2), IN THE 2007-08 BUDGET YEAR, AND IN EACH BUDGET YEAR THEREAFTER, EACH SCHOOL DISTRICT SHALL SPEND AT LEAST SIXTY-FIVE PERCENT OF ITS OPERATIONAL EXPENDITURES ON SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT. EXPENDITURES BY A CHARTER SCHOOL WITHIN A SCHOOL DISTRICT SHALL NOT BE CONSIDERED EXPENDITURES BY THAT SCHOOL DISTRICT.

(2) A SCHOOL DISTRICT MAY HOLD A PUBLIC ELECTION FOR THE PURPOSE OF DETERMINING WHETHER VOTERS IN THE SCHOOL DISTRICT WISH TO EXEMPT THE SCHOOL DISTRICT FROM THE OPERATIONAL 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 DISTRICT SHALL BE EXEMPT FROM THE OPERATIONAL EXPENDITURES REQUIREMENT.

(3) THE STATE BOARD SHALL ANNUALLY DETERMINE WHETHER A SCHOOL DISTRICT HAS SATISFIED THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE STATE BOARD SHALL BASE THIS DETERMINATION UPON THE END-OF-YEAR FINANCIAL AUDIT OF THE SCHOOL DISTRICT'S BUDGET CONDUCTED PURSUANT TO SECTION 22-32-109 (1) (k) AND NOT UPON THE ANNUAL BUDGET PREPARED BY THE SCHOOL DISTRICT PURSUANT TO SECTIONS 22-44-105 AND 22-54.5-104.

(4) BEFORE DECEMBER 31, 2008, AND BEFORE DECEMBER 31 EACH YEAR THEREAFTER, THE STATE BOARD SHALL REPORT TO THE GENERAL ASSEMBLY A LIST OF ALL SCHOOL DISTRICTS IN THE STATE THAT:

(a) FAILED IN THE PRECEDING SCHOOL YEAR TO SATISFY THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION; AND

(b) ARE NOT EXEMPT FROM THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION AS A RESULT OF A LOCAL ELECTION HELD PURSUANT TO SUBSECTION (2) OF THIS SECTION OR A WAIVER ISSUED PURSUANT TO SECTION 22-54.5-106 (2) (a).

(5) THE GENERAL ASSEMBLY MAY IMPOSE SANCTIONS UPON A SCHOOL DISTRICT THAT FAILS TO SATISFY THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION UNLESS THE SCHOOL DISTRICT IS EXEMPT FROM THE REQUIREMENT AS A RESULT OF A LOCAL ELECTION HELD PURSUANT TO SUBSECTION (2) OF THIS SECTION OR A WAIVER ISSUED PURSUANT TO SECTION 22-54.5-106 (2) (a).

22-54.5-106. Enforcement - waivers - local elections. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (2) AND (3) OF THIS SECTION, IF A SCHOOL DISTRICT FAILS TO SATISFY THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1) IN THE 2007-08 BUDGET YEAR OR A BUDGET YEAR THEREAFTER, THE SCHOOL DISTRICT SHALL INCREASE ITS OPERATIONAL EXPENDITURES ON SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT BY TWO PERCENT OF ITS TOTAL OPERATIONAL EXPENDITURES EACH YEAR UNTIL THE SCHOOL DISTRICT SATISFIES THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1).

(2) (a) A SCHOOL DISTRICT THAT HAS FAILED TO SATISFY THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1) MAY APPLY TO THE STATE BOARD FOR A WAIVER, PURSUANT TO SECTION 22-2-117, EXCUSING THE SCHOOL DISTRICT FROM COMPLIANCE WITH THE OPERATIONAL EXPENDITURES REQUIREMENT.

(b) A SCHOOL DISTRICT THAT APPLIES FOR A WAIVER PURSUANT TO THIS SUBSECTION (2) SHALL SPECIFY IN THE APPLICATION THE MANNER IN WHICH IT SHALL COMPLY WITH THE INTENT OF THE OPERATIONAL

EXPENDITURES REQUIREMENT AND SHALL BE ACCOUNTABLE TO THE STATE BOARD FOR SUCH COMPLIANCE.

(c) IF A SCHOOL DISTRICT THAT HAS FAILED TO MEET THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1) APPLIES TO THE STATE BOARD FOR A WAIVER PURSUANT TO THIS SUBSECTION (2), THE STATE BOARD MAY, PURSUANT TO SECTION 22-2-117, APPROVE A WAIVER EXCUSING THE SCHOOL DISTRICT FROM COMPLIANCE WITH THE OPERATIONAL EXPENDITURES REQUIREMENT.

(d) THE STATE BOARD MAY IDENTIFY CRITERIA FOR APPROVAL OR DENIAL OF A WAIVER PURSUANT TO THIS SUBSECTION (2).

(e) IF THE STATE BOARD GRANTS A WAIVER TO A SCHOOL DISTRICT PURSUANT TO THIS SUBSECTION (2), THE STATE BOARD MAY ORALLY NOTIFY THE SCHOOL DISTRICT OF THE DECISION TO GRANT THE WAIVER. IF THE STATE BOARD DENIES A WAIVER TO A SCHOOL DISTRICT PURSUANT TO THIS SUBSECTION (2), THE STATE BOARD SHALL NOTIFY THE SCHOOL DISTRICT IN WRITING THAT THE REQUEST HAS BEEN DENIED AND SPECIFY THE REASONS FOR THE DENIAL.

(f) IF THE STATE BOARD GRANTS A WAIVER TO A SCHOOL DISTRICT PURSUANT TO THIS SUBSECTION (2), THE WAIVER SHALL BE VALID FOR ONE YEAR, AFTER WHICH TIME THE SCHOOL DISTRICT SHALL EITHER:

(I) MEET THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1);

(II) REAPPLY TO THE STATE BOARD FOR ANOTHER WAIVER; OR

(III) BECOME EXEMPT FROM THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1) AS THE RESULT OF A PUBLIC ELECTION HELD PURSUANT TO SECTION 22-54.5-105 (2).

(3) PURSUANT TO SECTION 22-54.5-105 (2), THE VOTERS OF A SCHOOL DISTRICT MAY, THROUGH A PUBLIC ELECTION, EXEMPT THE SCHOOL DISTRICT FROM THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1).

SECTION 2. 22-44-111, Colorado Revised Statutes, is amended

BY THE ADDITION OF A NEW SUBSECTION to read:

22-44-111. Budget - filing. (3) THE BOARD OF EDUCATION SHALL REPORT ITS ADOPTED BUDGET TO THE DEPARTMENT OF EDUCATION ON OR BEFORE DECEMBER 31, 2007, AND ON OR BEFORE DECEMBER 31 EACH YEAR THEREAFTER, IN ACCORDANCE WITH SECTION 22-54.5-104.

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. Refer to people under referendum. This act shall be submitted to a vote of the registered electors of the state of Colorado at the next biennial regular general election, for their approval or rejection, under the provisions of the referendum as provided for in section 1 of article V of the state constitution, and in article 40 of title 1, Colorado Revised Statutes. Each elector voting at said election and desirous of voting for or against said act shall cast a vote as provided by law either "Yes" or "No" on the proposition: "SHALL COLORADO STATE LAW REQUIRE THAT IN EACH STATE FISCAL YEAR A SCHOOL DISTRICT SPEND AT LEAST SIXTY-FIVE PERCENT OF ITS OPERATIONAL EXPENDITURES ON SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT?" The votes cast for the adoption or rejection of said act shall be canvassed and the result determined in the

manner provided by law for the canvassing of votes for representatives in Congress.

Andrew Romanoff
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Joan Fitz-Gerald
PRESIDENT OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Karen Goldman
SECRETARY OF
THE SENATE