

Second Regular Session  
Sixty-fifth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 06-0604.01 Richard Sweetman

HOUSE BILL 06-1283

---

**HOUSE SPONSORSHIP**

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

**SENATE SPONSORSHIP**

(None),

---

**House Committees**  
Education

**Senate Committees**

---

**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.**

---

**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

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

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

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

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; AND

9 (XI) TRUST AND AGENCY FUNDS RECEIVED FOR A DESIGNATED  
10 PURPOSE.

11 (2) (a) "SERVICES THAT DIRECTLY AFFECT STUDENT  
12 ACHIEVEMENT" MEANS PROGRAMS AND SERVICES FUNDED BY A SCHOOL  
13 DISTRICT'S TOTAL BUDGET THAT HAVE AN IMMEDIATE EFFECT ON THE  
14 QUALITY OF A STUDENT'S EDUCATIONAL EXPERIENCE, INCLUDING BUT NOT  
15 LIMITED TO:

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

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

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

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

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

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

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

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

15 (B) STUDENT SUPPORT, INCLUDING BUT NOT LIMITED TO THE  
16 COORDINATION, DELIVERY, EVALUATION, AND TECHNOLOGICAL SUPPORT  
17 OF COLLEGE PLACEMENT SERVICES, STUDENT HEALTH CARE AND MEDICAL  
18 SERVICES, NUTRITIONAL SERVICES, AND ATTENDANCE AND OTHER  
19 STUDENT RECORD-KEEPING SERVICES;

20 (C) FOOD SERVICES FOR STUDENTS; AND

21 (D) TRANSPORTATION FOR STUDENTS.

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

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

1 COMMUNICATIONS;

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

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

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

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

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

18 **22-54.5-104. Annual budget reporting.** (1) EACH SCHOOL  
19 DISTRICT SHALL PREPARE AN ANNUAL BUDGET AS REQUIRED BY SECTION  
20 22-44-105 AND FILE THAT BUDGET WITH THE DEPARTMENT OF EDUCATION  
21 ON OR BEFORE DECEMBER 31, 2007, AND ON OR BEFORE DECEMBER 31  
22 EACH YEAR THEREAFTER.

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

25 (3) EACH SCHOOL DISTRICT SHALL ADOPT THE DESIGNATED  
26 ANNUAL BUDGET FORMAT PURSUANT TO SECTION 22-44-110. THE  
27 STANDARD FORMAT FOR THE ANNUAL BUDGET SHALL SUMMARIZE

1 REVENUES BY REVENUE SOURCE AND SHALL SUMMARIZE EXPENDITURES  
2 BY FUNCTION, FUND, AND OBJECT AS THESE TERMS ARE DEFINED IN  
3 SECTION 22-44-102.

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

7 **22-54.5-105. Expenditures on student services.** (1) EXCEPT AS  
8 OTHERWISE PROVIDED IN SUBSECTION (2) OF THIS SECTION AND IN SECTION  
9 22-54.5-106 (2), IN THE 2007-08 BUDGET YEAR, AND IN EACH BUDGET  
10 YEAR THEREAFTER, EACH SCHOOL DISTRICT SHALL SPEND AT LEAST  
11 SEVENTY-FIVE PERCENT OF ITS OPERATIONAL EXPENDITURES ON SERVICES  
12 THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT.

13 (2) A SCHOOL DISTRICT MAY HOLD A PUBLIC ELECTION FOR THE  
14 PURPOSE OF DETERMINING WHETHER VOTERS IN THE SCHOOL DISTRICT  
15 WISH TO EXEMPT THE SCHOOL DISTRICT FROM THE OPERATIONAL  
16 EXPENDITURES REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS  
17 SECTION. IF A MAJORITY OF VOTERS IN A SCHOOL DISTRICT VOTE TO  
18 EXEMPT THE SCHOOL DISTRICT FROM THE OPERATIONAL EXPENDITURES  
19 REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION, THE SCHOOL  
20 DISTRICT SHALL BE EXEMPT FROM THE OPERATIONAL EXPENDITURES  
21 REQUIREMENT.

22 (3) THE STATE BOARD SHALL ANNUALLY DETERMINE WHETHER A  
23 SCHOOL DISTRICT HAS SATISFIED THE OPERATIONAL EXPENDITURES  
24 REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE STATE  
25 BOARD SHALL BASE THIS DETERMINATION UPON THE END-OF-YEAR  
26 FINANCIAL AUDIT OF THE SCHOOL DISTRICT'S BUDGET CONDUCTED  
27 PURSUANT TO SECTION 22-32-109 (1) (k) AND NOT UPON THE ANNUAL

1 BUDGET PREPARED BY THE SCHOOL DISTRICT PURSUANT TO SECTIONS  
2 22-44-105 AND 22-54.5-104.

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

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

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

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

20 **22-54.5-106. Enforcement - waivers - local elections.**

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

1 DISTRICT SATISFIES THE OPERATIONAL EXPENDITURES REQUIREMENT  
2 SPECIFIED IN SECTION 22-54.5-105 (1).

3 (2) (a) A SCHOOL DISTRICT THAT HAS FAILED TO SATISFY THE  
4 OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION  
5 22-54.5-105 (1) MAY APPLY TO THE STATE BOARD FOR A WAIVER,  
6 PURSUANT TO SECTION 22-2-117, EXCUSING THE SCHOOL DISTRICT FROM  
7 COMPLIANCE WITH THE OPERATIONAL EXPENDITURES REQUIREMENT.

8 (b) A SCHOOL DISTRICT THAT APPLIES FOR A WAIVER PURSUANT TO  
9 THIS SUBSECTION (2) SHALL SPECIFY IN THE APPLICATION THE MANNER IN  
10 WHICH IT SHALL COMPLY WITH THE INTENT OF THE OPERATIONAL  
11 EXPENDITURES REQUIREMENT AND SHALL BE ACCOUNTABLE TO THE STATE  
12 BOARD FOR SUCH COMPLIANCE.

13 (c) IF A SCHOOL DISTRICT THAT HAS FAILED TO MEET THE  
14 OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION  
15 22-54.5-105 (1) APPLIES TO THE STATE BOARD FOR A WAIVER PURSUANT  
16 TO THIS SUBSECTION (2), THE STATE BOARD MAY, PURSUANT TO SECTION  
17 22-2-117, APPROVE A WAIVER EXCUSING THE SCHOOL DISTRICT FROM  
18 COMPLIANCE WITH THE OPERATIONAL EXPENDITURES REQUIREMENT.

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

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

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

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

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

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

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

14 **SECTION 2.** 22-44-111, Colorado Revised Statutes, is amended  
15 BY THE ADDITION OF A NEW SUBSECTION to read:

16 **22-44-111. Budget - filing.** (3) THE BOARD OF EDUCATION SHALL  
17 REPORT ITS ADOPTED BUDGET TO THE DEPARTMENT OF EDUCATION ON OR  
18 BEFORE DECEMBER 31, 2007, AND ON OR BEFORE DECEMBER 31 EACH  
19 YEAR THEREAFTER, IN ACCORDANCE WITH SECTION 22-54.5-104.

20 **SECTION 3. Safety clause.** The general assembly hereby finds,  
21 determines, and declares that this act is necessary for the immediate  
22 preservation of the public peace, health, and safety.