

Second Regular Session
Sixty-fifth General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

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
Appropriations

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, 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

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;

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;

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.

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 22-44-105 AND FILE THAT BUDGET WITH THE DEPARTMENT OF EDUCATION
27 ON OR BEFORE DECEMBER 31, 2007, AND ON OR BEFORE DECEMBER 31

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
25 SECTION. IF A MAJORITY OF VOTERS IN A SCHOOL DISTRICT VOTE TO
26 EXEMPT THE SCHOOL DISTRICT FROM THE OPERATIONAL EXPENDITURES
27 REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION, THE SCHOOL

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).

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

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.

1 **SECTION 3. Appropriation.** In addition to any other
2 appropriation, there is hereby appropriated, out of any moneys in the
3 general fund not otherwise appropriated, to the department of education,
4 for the fiscal year beginning July 1, 2006, the sum of twenty-five
5 thousand two hundred forty-five dollars (\$25,245) and 0.3 FTE, or so
6 much thereof as may be necessary, for the implementation of this act.

7 **SECTION 4. Safety clause.** The general assembly hereby finds,
8 determines, and declares that this act is necessary for the immediate
9 preservation of the public peace, health, and safety.