

**Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 10-0531.01 Julie Pelegrin

HOUSE BILL 10-1183

HOUSE SPONSORSHIP

Middleton,

SENATE SPONSORSHIP

Johnston,

House Committees
Education

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING AUTHORIZATION OF A PILOT PROGRAM TO COLLECT**
102 **DATA CONCERNING ALTERNATIVE SCHOOL FINANCE FUNDING**
103 **MODELS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill creates the alternative school funding models pilot program (pilot program) to encourage school districts and charter schools to collect data that will be used to compare the effects of alternative school funding models with those of the actual school funding method.

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.

HOUSE
Amended 2nd Reading
February 18, 2010

A school district or charter school that chooses to participate in the pilot program will continue to receive its actual funding as provided in the "Public School Finance Act of 1994" while participating in the pilot program. A school district or charter school that participates in the pilot program may accept gifts, grants, and donations to offset the costs incurred.

An advisory council, consisting of selected members of the general assembly, selected members of the state board of education (state board), selected members representing school districts and school executives, and the commissioner of education, will review applications submitted by school districts and charter schools to participate in the pilot program and will select the participants. A participating school district or charter school must participate in the pilot program for a minimum of 2 school years and will annually submit to the advisory council the data it collects, including identification of the funding differences the school district or charter school would experience if it were funded under an alternative school funding model. The advisory council will submit to the state board, the governor, and the general assembly an annual summary report of the data received from the pilot program participants. The advisory council may accept and expend gifts, grants, donations, and services in kind to offset the costs incurred in implementing the pilot program.

The pilot program will repeal on July 1, 2015.

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 58**

5 **School Funding Models Pilot Program**

6 **22-58-101. Legislative declaration.** (1) THE GENERAL
7 ASSEMBLY HEREBY FINDS THAT:

8 (a) THE FUNDING FOR SCHOOL DISTRICTS UNDER THE "PUBLIC
9 SCHOOL FINANCE ACT OF 1994", ARTICLE 54 OF THIS TITLE, IS BASED ON
10 A METHOD OF DETERMINING STUDENT ENROLLMENT AND PER PUPIL
11 STUDENT FUNDING THAT MEETS THE CONSTITUTIONAL REQUIREMENT FOR
12 MAINTAINING A THOROUGH AND UNIFORM SYSTEM OF FREE PUBLIC
13 SCHOOLS THROUGHOUT THE STATE, BUT MAY NOT ADEQUATELY TAKE

1 INTO ACCOUNT THE COSTS OF EDUCATING HIGH-NEEDS OR ALTERNATIVELY
2 ENROLLED STUDENTS AND IS NOT DESIGNED TO PROVIDE INCENTIVES FOR
3 SCHOOL DISTRICTS AND PUBLIC SCHOOLS TO ENSURE THAT THEIR
4 STUDENTS ACHIEVE HIGH ACADEMIC GROWTH; AND

5 (b) THE CONTINUING ADVANCES OF EDUCATION REFORM AND THE
6 EXPANDED USE OF EDUCATION TECHNOLOGY IN THE STATE SUGGEST THAT
7 OTHER, MORE FLEXIBLE, METHODS OF FUNDING PUBLIC EDUCATION MAY
8 SUPPORT GREATER ACADEMIC ACHIEVEMENT AND HELP TO ENSURE THAT
9 THE LIMITED RESOURCES OF THE STATE WOULD BE ALLOCATED AMONG
10 THE SCHOOL DISTRICTS AND PUBLIC SCHOOLS IN THE MOST FAIR AND
11 EFFECTIVE MANNER POSSIBLE.

12 (2) THE GENERAL ASSEMBLY THEREFORE FINDS THAT IT IS IN THE
13 BEST INTERESTS OF THE STATE TO ENCOURAGE SCHOOL DISTRICTS AND
14 CHARTER SCHOOLS TO TEST ALTERNATIVE MODELS OF SCHOOL FUNDING
15 BY COLLECTING DATA TO SHOW THE EFFECTS A MODEL WOULD HAVE IF IT
16 WERE IMPLEMENTED, WHILE CONTINUING TO RECEIVE ACTUAL FUNDING
17 PURSUANT TO THE "PUBLIC SCHOOL FINANCE ACT OF 1994", ARTICLE 54
18 OF THIS TITLE. SCHOOL DISTRICTS AND CHARTER SCHOOLS ARE
19 ENCOURAGED TO CONSIDER FUNDING MODELS THAT MAY ADDRESS, AT A
20 MINIMUM, THE UNIQUE CHALLENGES OF FUNDING STUDENTS WHO ARE
21 SIGNIFICANTLY AT RISK OF ACADEMIC FAILURE, STUDENTS WHO ARE
22 GIFTED AND TALENTED, STUDENTS ENROLLED IN ON-LINE PROGRAMS,
23 STUDENTS WHO RETURN TO PUBLIC SCHOOL AFTER DROPPING OUT, AND
24 STUDENTS CONCURRENTLY ENROLLED IN HIGH SCHOOL AND HIGHER
25 EDUCATION CLASSES. SCHOOL DISTRICTS AND CHARTER SCHOOLS ARE
26 ALSO ENCOURAGED TO CONSIDER MODELS OF EDUCATION FUNDING BASED
27 ON ACHIEVEMENT RATHER THAN ATTENDANCE OR HOURS OF

1 PARTICIPATION.

2 **22-58-102. Definitions.** AS USED IN THIS ARTICLE, UNLESS THE
3 CONTEXT OTHERWISE REQUIRES:

4 (1) "ADVISORY COUNCIL" MEANS THE COUNCIL APPOINTED
5 PURSUANT TO SECTION 22-58-104.

6 (2) "CHARTER SCHOOL" MEANS A DISTRICT CHARTER SCHOOL
7 AUTHORIZED PURSUANT TO PART 1 OF ARTICLE 30.5 OF THIS TITLE OR AN
8 INSTITUTE CHARTER SCHOOL AUTHORIZED PURSUANT TO PART 5 OF
9 ARTICLE 30.5 OF THIS TITLE.

10 (3) "COMMISSIONER" MEANS THE OFFICE OF THE COMMISSIONER
11 OF EDUCATION CREATED AND EXISTING PURSUANT TO SECTION 1 OF
12 ARTICLE IX OF THE STATE CONSTITUTION.

13 (4) "PILOT PROGRAM" MEANS THE ALTERNATIVE SCHOOL FUNDING
14 MODELS PILOT PROGRAM CREATED IN SECTION 22-58-103.

15 (5) "SCHOOL FINANCE ACT" MEANS THE "PUBLIC SCHOOL FINANCE
16 ACT OF 1994", ARTICLE 54 OF THIS TITLE.

17 (6) "STATE BOARD" MEANS THE STATE BOARD OF EDUCATION
18 CREATED AND EXISTING PURSUANT TO SECTION 1 OF ARTICLE IX OF THE
19 STATE CONSTITUTION.

20 **22-58-103. Alternative school funding models pilot program**
21 **- created - application - waivers - funding.** (1) THERE IS HEREBY
22 CREATED IN THE DEPARTMENT OF EDUCATION THE ALTERNATIVE SCHOOL
23 FUNDING MODELS PILOT PROGRAM TO ENCOURAGE SCHOOL DISTRICTS AND
24 CHARTER SCHOOLS TO IDENTIFY AND COLLECT DATA TO MEASURE THE
25 EFFECTS IF AN ALTERNATIVE MODEL OF CALCULATING SCHOOL FUNDING
26 WERE APPLIED COMPARED TO ACTUAL STATE FUNDING THAT A SCHOOL
27 DISTRICT OR CHARTER SCHOOL RECEIVES. A SCHOOL DISTRICT OR

1 CHARTER SCHOOL THAT CHOOSES AND IS SELECTED TO PARTICIPATE IN THE
2 PILOT PROGRAM SHALL COLLECT DATA FOR AT LEAST TWO BUDGET YEARS
3 THAT DEMONSTRATE THE EFFECTS OF AN ALTERNATIVE SCHOOL FUNDING
4 MODEL SELECTED BY THE PARTICIPATING SCHOOL DISTRICT OR CHARTER
5 SCHOOL, INCLUDING BUT NOT LIMITED TO THE DIFFERENCES IN FUNDING
6 THAT THE SCHOOL DISTRICT OR CHARTER SCHOOL WOULD HAVE
7 EXPERIENCED IF IT HAD BEEN FUNDED THROUGH THE ALTERNATIVE
8 SCHOOL FUNDING MODEL RATHER THAN UNDER THE CURRENT SCHOOL
9 FINANCE ACT. THE PARTICIPATING SCHOOL DISTRICT OR CHARTER SCHOOL
10 SHALL SUBMIT THE COLLECTED DATA AND ANY CONCLUSIONS TO THE
11 ADVISORY COUNCIL NO LATER THAN SEPTEMBER 1 OF THE BUDGET YEAR
12 FOLLOWING THE BUDGET YEAR FOR WHICH THE DATA IS COLLECTED.

13 (2) ON OR BEFORE SEPTEMBER 1, 2010, AND ON OR BEFORE
14 SEPTEMBER 1 EACH BUDGET YEAR THEREAFTER THROUGH 2013, A SCHOOL
15 DISTRICT OR CHARTER SCHOOL THAT CHOOSES TO PARTICIPATE IN THE
16 PILOT PROGRAM SHALL APPLY TO THE STATE BOARD BY SUBMITTING A
17 DESCRIPTION OF THE ALTERNATIVE SCHOOL FUNDING MODEL IT WILL
18 INVESTIGATE, INCLUDING AT A MINIMUM:

19 (a) WHETHER THE MODEL IS BASED ON PER PUPIL FUNDING OR
20 SOME OTHER UNIT MEASURE OF FUNDING OR USES ANOTHER BASIS FOR
21 DETERMINING THE AMOUNT OF FUNDING AND THE MANNER OF COUNTING
22 THE UNITS, IF ANY;

23 (b) AN EXPLANATION OF HOW EDUCATION FUNDING IS
24 CALCULATED UNDER THE MODEL;

25 (c) ANY INCENTIVES THAT THE SCHOOL DISTRICT OR CHARTER
26 SCHOOL EXPECTS THE MODEL TO PROVIDE AND THE ANTICIPATED
27 OUTCOMES OR EFFECTS OF APPLYING THE MODEL;

1 (d) THE MANNER IN WHICH THE SCHOOL DISTRICT OR CHARTER
2 SCHOOL WILL MEASURE THE EFFECTS OF APPLYING THE MODEL; AND

3 (e) THE BENEFITS OF, OBSTACLES TO, OR RESTRICTIONS ON
4 IMPLEMENTING THE MODEL STATEWIDE THAT THE SCHOOL DISTRICT OR
5 CHARTER SCHOOL MAY IDENTIFY.

6 (3) A SCHOOL DISTRICT IS ENCOURAGED TO PARTNER WITH ONE OR
7 MORE OTHER SCHOOL DISTRICTS, A BOARD OF COOPERATIVE SERVICES, OR
8 ONE OR MORE CHARTER SCHOOLS IN APPLYING TO PARTICIPATE IN THE
9 PILOT PROGRAM. A SCHOOL DISTRICT MAY ALSO, WITH THE CONSENT OF
10 ONE OR MORE INNOVATION SCHOOLS OR CHARTER SCHOOLS OF THE
11 SCHOOL DISTRICT, CHOOSE TO TEST AN ALTERNATIVE SCHOOL FUNDING
12 MODEL ON A LIMITED BASIS WITHIN SAID CONSENTING SCHOOLS.

13 (4) THE COMMISSIONER AND THE ADVISORY COUNCIL SHALL
14 REVIEW THE APPLICATIONS RECEIVED PURSUANT TO THIS SECTION AND
15 RECOMMEND APPLICANTS TO THE STATE BOARD FOR SELECTION. THE
16 STATE BOARD, AFTER REVIEWING THE APPLICATIONS AND CONSIDERING
17 THE RECOMMENDATIONS OF THE COMMISSIONER AND THE ADVISORY
18 COUNCIL, SHALL SELECT THE SCHOOL DISTRICTS AND CHARTER SCHOOLS
19 THAT WILL PARTICIPATE IN THE PILOT PROGRAM.

20 (5) A SCHOOL DISTRICT OR CHARTER SCHOOL THAT THE STATE
21 BOARD SELECTS TO PARTICIPATE IN THE PILOT PROGRAM SHALL SUBMIT
22 TO THE STATE BOARD A LIST OF ANY STATUTES IN THIS TITLE OR STATE
23 BOARD RULES FOR WHICH IT NEEDS WAIVERS IN ORDER TO COLLECT DATA
24 AND MEASURE THE EFFECTS THAT THE ALTERNATIVE SCHOOL FUNDING
25 MODEL WOULD HAVE IF IMPLEMENTED. THE STATE BOARD MAY WAIVE
26 THE STATUTES OR RULES SPECIFIED ON THE LIST; EXCEPT THAT:

27 (a) THE SCHOOL DISTRICT OR CHARTER SCHOOL SHALL BE

1 REQUIRED TO MEET THE PERFORMANCE TARGETS SPECIFIED FOR THE
2 SCHOOL DISTRICT OR CHARTER SCHOOL PURSUANT TO ARTICLE 11 OF THIS
3 TITLE; AND

4 (b) THE STATE BOARD MAY NOT WAIVE THE PROVISIONS OF THE
5 "LICENSED PERSONNEL PERFORMANCE EVALUATION ACT", ARTICLE 9 OF
6 THIS TITLE; THE "COLORADO EDUCATOR LICENSING ACT OF 1991",
7 ARTICLE 60.5 OF THIS TITLE; OR THE "TEACHER EMPLOYMENT,
8 COMPENSATION, AND DISMISSAL ACT OF 1990", ARTICLE 63 OF THIS TITLE.

9 (6) A SCHOOL DISTRICT OR CHARTER SCHOOL THAT THE STATE
10 BOARD SELECTS FOR PARTICIPATION IN THE PILOT PROGRAM MAY SEEK,
11 ACCEPT, AND EXPEND PUBLIC OR PRIVATE GIFTS, GRANTS, OR DONATIONS
12 TO OFFSET THE COSTS INCURRED IN PARTICIPATING IN THE PILOT PROGRAM.

13 **22-58-104. Advisory council - created - duties - reporting -**
14 **funding.** (1) THERE IS HEREBY CREATED THE ADVISORY COUNCIL FOR
15 THE PILOT PROGRAM, WHICH COUNCIL SHALL CONSIST OF ELEVEN
16 MEMBERS APPOINTED ON OR BEFORE JULY 1, 2010, AS FOLLOWS:

17 (a) FOUR MEMBERS OF THE GENERAL ASSEMBLY, APPOINTED ONE
18 EACH BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE MINORITY
19 LEADER OF THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF THE
20 SENATE, AND THE MINORITY LEADER OF THE SENATE;

21 (b) TWO MEMBERS OF THE STATE BOARD APPOINTED BY THE
22 PRESIDENT OF THE STATE BOARD WHO ARE NOT MEMBERS OF THE SAME
23 POLITICAL PARTY;

24 (c) A MEMBER APPOINTED BY THE STATE BOARD WHO HAS
25 EXPERTISE IN SCHOOL FINANCE;

26 (d) A MEMBER APPOINTED BY THE STATE BOARD FROM A
27 STATEWIDE ORGANIZATION THAT REPRESENTS TEACHERS;

1 (e) A MEMBER APPOINTED BY THE STATE BOARD FROM A
2 STATEWIDE ORGANIZATION THAT REPRESENTS SCHOOL DISTRICT BOARDS
3 OF EDUCATION;

4 (f) A MEMBER APPOINTED BY THE STATE BOARD FROM A
5 STATEWIDE ORGANIZATION THAT REPRESENTS SCHOOL EXECUTIVES; AND

6 (g) THE COMMISSIONER OF EDUCATION OR HIS OR HER DESIGNEE.

7 (2) (a) THE MEMBERS OF THE ADVISORY COUNCIL SHALL SERVE AT
8 THE PLEASURE OF THE APPOINTING AUTHORITY. IF A VACANCY ARISES ON
9 THE ADVISORY COUNCIL, THE APPLICABLE APPOINTING AUTHORITY SHALL
10 APPOINT A NEW MEMBER WHO MEETS THE QUALIFICATIONS FOR THE OFFICE
11 SPECIFIED IN SUBSECTION (1) OF THIS SECTION.

12 (b) THE MEMBERS OF THE ADVISORY COUNCIL SHALL SERVE
13 WITHOUT COMPENSATION. THE MEMBERS OF THE ADVISORY COUNCIL
14 SHALL ALSO SERVE WITHOUT REIMBURSEMENT FOR EXPENSES; EXCEPT
15 THAT THE ADVISORY COUNCIL MAY RECEIVE REIMBURSEMENT IF THE
16 ADVISORY COUNCIL RECEIVES MONEYS PURSUANT TO SUBSECTION (5) OF
17 THIS SECTION IN AN AMOUNT SUFFICIENT TO REIMBURSE THE MEMBERS'
18 EXPENSES.

19 (3) THE ADVISORY COUNCIL SHALL REVIEW THE APPLICATIONS
20 RECEIVED PURSUANT TO SECTION 22-54-103 AND RECOMMEND
21 APPLICANTS TO THE STATE BOARD FOR SELECTION.

22 (4) UPON RECEIPT OF THE DATA COLLECTED BY PARTICIPATING
23 SCHOOL DISTRICTS AND CHARTER SCHOOLS, THE ADVISORY COUNCIL
24 SHALL REVIEW THE DATA AND ANNUALLY PREPARE A SUMMARY REPORT
25 FOR THE STATE BOARD, THE GOVERNOR'S OFFICE, AND THE GENERAL
26 ASSEMBLY. ON OR BEFORE JANUARY 15, 2012, AND ON OR BEFORE
27 JANUARY 15 EACH YEAR THEREAFTER THROUGH 2015, THE ADVISORY

1 COUNCIL SHALL SUBMIT THE SUMMARY REPORT TO THE STATE BOARD, THE
2 GOVERNOR, AND THE EDUCATION COMMITTEES OF THE HOUSE OF
3 REPRESENTATIVES AND THE SENATE, OR ANY SUCCESSOR COMMITTEES.

4 (5) THE ADVISORY COUNCIL MAY SEEK, ACCEPT, AND EXPEND
5 PUBLIC OR PRIVATE GIFTS, GRANTS, OR DONATIONS OR SERVICES IN KIND
6 TO ASSIST THE ADVISORY COUNCIL IN IMPLEMENTING THE PILOT PROGRAM.
7 ANY MONEYS RECEIVED PURSUANT TO THIS SUBSECTION (5) SHALL BE
8 CREDITED TO THE LEGISLATIVE DEPARTMENT CASH FUND CREATED IN
9 SECTION 2-2-1601, C.R.S.

10 **22-58-105. Repeal of article.** THIS ARTICLE IS REPEALED,
11 EFFECTIVE JULY 1, 2015. NOTWITHSTANDING THE PROVISIONS OF SECTION
12 2-3-1203, C.R.S., THE ADVISORY COUNCIL SHALL NOT BE SUBJECT TO
13 REVIEW PRIOR TO REPEAL.

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