

First Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 11-0841.02 Nicole Myers

SENATE BILL 11-230

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SENATE SPONSORSHIP

Bacon,

HOUSE SPONSORSHIP

Massey,

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Senate Committees  
Appropriations

House Committees

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A BILL FOR AN ACT

101 CONCERNING THE FINANCING OF PUBLIC SCHOOLS.

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**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 amends the "Public School Finance Act of 1994" (Act) to modify the funding for public schools from kindergarten through the twelfth grade for the 2011-12 budget year and, in some circumstances, for budget years thereafter, as follows:

**Statewide base per pupil funding.** For the 2011-12 budget year, the statewide base per pupil funding is increased to \$5,634.77, to account for a 1.9% inflation rate.

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.*

**Negative factor.** During the 2010 legislative session, the general assembly amended the Act for the 2010-11 and 2011-12 budget years to reduce the amount of the annual appropriation to fund the state's share of total program funding for all school districts and the funding for institute charter schools (total program funding) to assist in stabilizing the state budget. The general assembly accomplished the reduction to each district through a calculation that resulted in a factor, called the budget stabilization factor, to be applied to each district's total program funding amount in the applicable budget year.

To assist in stabilizing the state budget for the 2011-12 budget year, the general assembly has determined that an additional reduction in the amount of the annual appropriation to fund the state's share of total program funding is necessary. The bill reduces the total program funding amount that is currently reflected in law for the 2011-12 budget year by an additional \$250,000,000.

The bill changes the name of the factor used to accomplish the reduction in total program funding from the budget stabilization factor to the negative factor. In addition, the bill extends the negative factor to each budget year following the 2011-12 budget year without specifying at this time the amount of total program funding for any budget year after the 2011-12 budget year.

In addition to the changes to the Act, the bill modifies other provisions related to funding for public schools as follows:

**Determination of debt limit for bonded indebtedness.**

Currently, a school district's debt limit is determined by the most recent assessed valuation certified to the district by the county assessor. The county assessor usually does a preliminary certification in August and a final certification in December. The bill changes the assessed valuation used to determine a district's limit of bonded indebtedness to the assessed valuation certified on the December 10 prior to the date on which the bonds are issued.

**State trust lands.** For the 2011-12 and 2012-13 state fiscal years, the bill transfers to the state public school fund, instead of the permanent school fund, moneys not otherwise allocated from:

- ! Interest or income earned on the investment of the moneys in the permanent school fund;
- ! Proceeds received by the state for the sale of timber on public school lands, rental payments for the use and occupation of the surface of said lands, and rentals or lease payments for minerals on said lands; and
- ! Royalties and other payments for the depletion or extraction of a natural resource on public school lands.

1           **SECTION 1. Legislative declaration.** (1) The general assembly  
2 hereby finds and declares that:

3           (a) For the 2010-11 budget year, the general assembly determined  
4 that stabilization of the state budget required a reduction in the annual  
5 appropriation to fund the state's share of total program funding for all  
6 districts and the funding for institute charter schools. As a result, for the  
7 2010-11 budget year, the general assembly reduced the total program  
8 funding amount to five billion two hundred twenty-five million two  
9 hundred forty-four thousand eight hundred eighty-five dollars  
10 (\$5,225,244,885).

11           (b) During the 2010 legislative session, the general assembly  
12 predicted that stabilization of the state budget for the 2011-12 budget year  
13 would again require a reduction in the annual appropriation to fund the  
14 state's share of total program funding for all districts and the funding for  
15 institute charter schools. As a result, the general assembly determined  
16 that total program funding for the 2011-12 budget year would be five  
17 billion four hundred thirty-eight million two hundred ninety-five thousand  
18 eight hundred twenty-three dollars (\$5,438,295,823).

19           (c) The general assembly has determined that stabilization of the  
20 state budget for the 2011-12 budget year requires a further reduction in  
21 the annual appropriation to fund the state's share of total program funding  
22 for all districts and the funding for institute charter schools than the  
23 reduction that was established during the 2010 legislative session. As a  
24 result, through Senate Bill 11-\_\_\_\_, enacted in 2011, the general  
25 assembly has reduced the amount of total program funding for the  
26 2011-12 budget year by an additional two hundred fifty million dollars  
27 (\$250,000,000) from the total program funding amount that was

1 previously established for the 2011-12 budget year.

2 (d) The total program funding amount for the 2011-12 budget  
3 year, absent any reductions in funding by the general assembly and taking  
4 into consideration increased funding for inflation, predicted growth in  
5 pupil enrollment, predicted growth in the at-risk pupil population,  
6 predicted changes in assessed valuations, and the specific ownership tax  
7 from the prior year, would be approximately five billion nine hundred  
8 eighty-seven million one hundred nine thousand sixteen dollars  
9 (\$5,987,109,016). The actual total program funding amount for the  
10 2011-12 budget year, after applying the required additional reduction to  
11 stabilize the state's budget, is five billion one hundred eighty-eight million  
12 two hundred ninety-five thousand eight hundred twenty-three dollars  
13 (\$5,188,295,823). This results in a difference of seven hundred  
14 ninety-eight million eight hundred thirteen thousand one hundred  
15 ninety-three dollars (\$798,813,193).

16 **SECTION 2.** 22-54-104 (5) (a), Colorado Revised Statutes, is  
17 amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

18 **22-54-104. District total program.** (5) For purposes of the  
19 formulas used in this section:

20 (a) (XVIII) FOR THE 2011-12 BUDGET YEAR, THE STATEWIDE BASE  
21 PER PUPIL FUNDING SHALL BE \$5,634.77, WHICH IS AN AMOUNT EQUAL TO  
22 \$5,529.71 SUPPLEMENTED BY \$105.06 TO ACCOUNT FOR INFLATION.

23 **SECTION 3.** The introductory portion to 22-54-104 (5) (g) (I)  
24 and 22-54-104 (5) (g) (I) (B), Colorado Revised Statutes, as amended by  
25 Senate Bill 11-157, are amended to read:

26 **22-54-104. District total program.** (5) For purposes of the  
27 formulas used in this section:

1 (g) (I) For the 2010-11 ~~and 2011-12 budget years~~ BUDGET YEAR  
2 AND EACH BUDGET YEAR THEREAFTER, the general assembly determines  
3 that stabilization of the state budget requires a reduction in the amount of  
4 the annual appropriation to fund the state's share of total program funding  
5 for all districts and the funding for institute charter schools. The  
6 department of education shall implement the reduction in total program  
7 funding through the application of a ~~state budget stabilization~~ NEGATIVE  
8 factor as provided in this paragraph (g). For the 2010-11 ~~and 2011-12~~  
9 ~~budget years~~ BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER, the  
10 department of education and the staff of the legislative council shall  
11 determine, based on budget projections, the amount of such reduction to  
12 ensure the following:

13 (B) That, for the 2011-12 budget year, the sum of the total  
14 program funding for all districts, including the funding for institute  
15 charter schools AFTER APPLICATION OF THE NEGATIVE FACTOR, is not less  
16 than ~~five billion four hundred thirty-eight million two hundred ninety-five~~  
17 ~~thousand eight hundred twenty-three dollars (\$5,438,295,823)~~ FIVE  
18 BILLION ONE HUNDRED EIGHTY-EIGHT MILLION TWO HUNDRED  
19 NINETY-FIVE THOUSAND EIGHT HUNDRED TWENTY-THREE DOLLARS  
20 (\$5,188,295,823); except that the department of education and the staff  
21 of the legislative council shall make mid-year revisions to replace  
22 projections with actual figures including, but not limited to, actual pupil  
23 enrollment, assessed valuations, and specific ownership tax revenue from  
24 the prior year, to determine any necessary changes in the amount of the  
25 reduction to maintain a total program funding amount for the 2011-12  
26 budget year that is equal to the TOTAL PROGRAM FUNDING amount AS  
27 initially established pursuant to this sub-subparagraph (B).

1           **SECTION 4.** 22-54-104 (5) (g) (II), (5) (g) (III), (5) (g) (IV), and  
2 (5) (g) (V), Colorado Revised Statutes, are amended to read:

3           **22-54-104. District total program.** (5) For purposes of the  
4 formulas used in this section:

5           (g) (II) For the 2010-11 ~~and 2011-12 budget years~~ BUDGET YEAR  
6 ANDEACH BUDGET YEAR THEREAFTER, the department of education shall:

7           (A) Calculate the ~~state budget stabilization~~ NEGATIVE factor for  
8 the ~~2010-11 and 2011-12 budget years~~ APPLICABLE BUDGET YEAR by  
9 dividing the reduction in total program funding for the ~~2010-11 or~~  
10 ~~2011-12 budget year,~~ as applicable BUDGET YEAR, as specified in  
11 subparagraph (I) of this paragraph (g), by the sum of the total program  
12 funding amounts of all districts AS CALCULATED PURSUANT TO  
13 SUBSECTION (2) OF THIS SECTION, including the funding for institute  
14 charter schools, for the ~~2010-11 or 2011-12~~ APPLICABLE budget year; as  
15 applicable; and

16           (B) Calculate each district's and each institute charter school's  
17 ~~state budget stabilization~~ reduction amount by multiplying the ~~state~~  
18 ~~budget stabilization~~ NEGATIVE factor by the district's total program  
19 funding calculated pursuant to subsection (2) of this section for the  
20 ~~2010-11 or 2011-12 budget year,~~ as applicable BUDGET YEAR for the  
21 district and for any institute charter school located within the district.

22           (III) For the 2010-11 ~~and 2011-12 budget years~~ BUDGET YEAR  
23 AND EACH BUDGET YEAR THEREAFTER, except as otherwise provided in  
24 subparagraphs (IV) and (V) of this paragraph (g), a district's total  
25 program shall be the greater of:

26           (A) The amount calculated pursuant to subsection (2) of this  
27 section for the ~~2010-11 or 2011-12 budget year,~~ as applicable BUDGET

1 YEAR, including funding for any institute charter school located within the  
2 district, minus the district's ~~state budget stabilization~~ reduction amount for  
3 the ~~2010-11 or 2011-12 budget year~~, as applicable BUDGET YEAR; or

4 (B) An amount equal to the base per pupil funding amount  
5 specified in paragraph (a) of subsection (5) of this section for the ~~2010-11~~  
6 ~~or 2011-12~~ APPLICABLE budget year, ~~as applicable~~, multiplied by the  
7 district's funded pupil count for the ~~2010-11 or 2011-12 budget year~~, as  
8 applicable BUDGET YEAR.

9 (IV) For the ~~2010-11 and 2011-12 budget years~~ BUDGET YEAR,  
10 AND EACH BUDGET YEAR THEREAFTER, the total program funding for a  
11 district that levies the number of mills calculated pursuant to section  
12 22-54-106 (2) (a) (II) shall be the amount calculated pursuant to  
13 subsection (2) of this section for the ~~2010-11 or 2011-12 budget year~~, as  
14 applicable BUDGET YEAR. Any such district shall use the revenues  
15 generated by the number of mills that the district levies pursuant to  
16 section 22-54-106 (2) (a) (II) to replace any categorical program support  
17 funds that the district would otherwise be eligible to receive from the  
18 state; except that the amount of categorical program support funds that  
19 the district is required to replace shall not exceed an amount equal to the  
20 district's ~~state budget stabilization~~ reduction amount. The department  
21 shall use the amount of categorical program support funds replaced by  
22 property tax revenue pursuant to this subparagraph (IV) to make  
23 payments of categorical program support funds to eligible districts as  
24 specified in section 22-54-107 (4).

25 (V) For the ~~2010-11 and 2011-12 budget years~~ BUDGET YEAR AND  
26 EACH BUDGET YEAR THEREAFTER, if a district levies the number of mills  
27 calculated pursuant to section 22-54-106 (2) (a) (I) and the district's ~~state~~

1 ~~budget stabilization~~ reduction amount exceeds the district's state share of  
2 total program funding, such district's total program funding shall be the  
3 amount calculated pursuant to subsection (2) of this section for the  
4 ~~2010-11 or 2011-12 budget year, as applicable~~ BUDGET YEAR, minus the  
5 district's state aid. Any such district shall use the revenues generated by  
6 the number of mills that the district levies pursuant to section 22-54-106  
7 (2) (a) (I) to replace any categorical program support funds that the  
8 district would otherwise be eligible to receive from the state; except that  
9 the amount of categorical program support funds that the district is  
10 required to replace shall not exceed an amount equal to the remainder of  
11 the district's ~~state budget stabilization~~ reduction amount after the  
12 reduction to the district's total program has been applied pursuant to this  
13 subparagraph (V). The department OF EDUCATION shall use the amount  
14 of categorical program support funds replaced by property tax revenue  
15 pursuant to this subparagraph (V) to make payments of categorical  
16 program support funds to eligible districts as specified in section  
17 22-54-107 (4).

18 **SECTION 5.** 22-42-104, Colorado Revised Statutes, is amended  
19 BY THE ADDITION OF A NEW SUBSECTION to read:

20 **22-42-104. Limit of bonded indebtedness.** (1.2) FOR BONDED  
21 INDEBTEDNESS ISSUED AFTER JUNE 1, 2011, THE VALUATION FOR  
22 ASSESSMENT OF TAXABLE PROPERTY FOR THE PURPOSES OF THIS SECTION  
23 SHALL BE THE VALUATION FOR ASSESSMENT OF TAXABLE PROPERTY IN THE  
24 DISTRICT AS IT EXISTED ON THE DECEMBER 10 PRIOR TO THE DATE OF  
25 ISSUANCE OF THE BONDED INDEBTEDNESS. THE COUNTY ASSESSOR TO THE  
26 BOARD OF COUNTY COMMISSIONERS SHALL REPORT THE VALUATION FOR  
27 ASSESSMENT OF TAXABLE PROPERTY IN THE DISTRICT TO THE DISTRICT



1 AND THE DEPARTMENT OF EDUCATION ON EACH DECEMBER 10.

2 **SECTION 6.** 22-41-102 (3) (b), Colorado Revised Statutes, is  
3 amended to read:

4 **22-41-102. Fund inviolate.** (3) (b) For the 2008-09 ~~2009-10~~, and  
5 ~~2010-11~~ state fiscal ~~years~~ YEAR THROUGH THE 2012-13 STATE FISCAL  
6 YEAR, all interest or income earned on the investment of the moneys in  
7 the public school fund not credited to the public school capital  
8 construction assistance fund created in section 22-43.7-104 (1) pursuant  
9 to section 22-43.7-104 (2) (b) (I) shall be transferred to the state public  
10 school fund created in section 22-54-114.

11 **SECTION 7.** 36-1-116 (1) (a) (II) (B), Colorado Revised  
12 Statutes, is amended to read:

13 **36-1-116. Disposition of rentals, royalties, and timber sale**  
14 **proceeds.** (1) (a) (II) (B) For the 2008-09 ~~2009-10~~, and ~~2010-11~~ state  
15 fiscal ~~years~~ YEAR THROUGH THE 2012-13 STATE FISCAL YEAR, all proceeds  
16 received by the state for the sale of timber on public school lands, rental  
17 payments for the use and occupation of the surface of said lands, and  
18 rentals or lease payments for sand, gravel, clay, stone, coal, oil, gas,  
19 geothermal resources, gold, silver, or other minerals on said lands other  
20 than proceeds, rentals, and payments allocated to the state land board trust  
21 administration fund pursuant to section 36-1-145 (3) or credited to the  
22 public school capital construction assistance fund created in section  
23 22-43.7-104 (1), C.R.S., pursuant to section 22-43.7-104 (2) (b) (I),  
24 C.R.S., shall be transferred to the state public school fund created in  
25 section 22-54-114, C.R.S.

26 **SECTION 8.** 36-1-116 (1) (c), Colorado Revised Statutes, is  
27 amended to read:

1           **36-1-116. Disposition of rentals, royalties, and timber sale**  
2 **proceeds.** (1) (c) For the 2008-09 ~~2009-10, and 2010-11~~ state fiscal  
3 ~~years~~ YEAR THROUGH THE 2012-13 STATE FISCAL YEAR, royalties and  
4 other payments for the depletion or extraction of a natural resource on  
5 public school lands not allocated to the state land board trust  
6 administration fund pursuant to section 36-1-145 (3), not credited to the  
7 public school capital construction assistance fund created in section  
8 22-43.7-104 (1), C.R.S., pursuant to section 22-43.7-104 (2) (b) (I),  
9 C.R.S., and not credited as specified in subparagraph (II) of paragraph (b)  
10 of this subsection (1) shall be transferred to the state public school fund  
11 created in section 22-54-114, C.R.S.

12           **SECTION 9.** 22-54-104 (4.5) (c) (III), Colorado Revised  
13 Statutes, is amended to read:

14           **22-54-104. District total program.** (4.5) A district's on-line  
15 funding shall be determined in accordance with the following formulas:

16           (c) (III) In any budget year in which the provisions of paragraph  
17 (g) of subsection (5) of this section apply, the department of education  
18 shall calculate a district's ~~state budget stabilization~~ reduction amount for  
19 on-line funding by multiplying the ~~state budget stabilization~~ NEGATIVE  
20 factor calculated for the applicable budget year pursuant to  
21 sub-subparagraph (A) of subparagraph (II) of paragraph (g) of subsection  
22 (5) of this section by the district's on-line funding calculated pursuant to  
23 subparagraph (II) of this paragraph (c) for the applicable budget year. A  
24 district's on-line funding for the applicable budget year shall be the  
25 greater of:

26           (A) The district's on-line funding amount calculated for the  
27 applicable budget year pursuant to subparagraph (II) of this paragraph (c)

1 minus the district's ~~state budget stabilization~~ reduction amount calculated  
2 for the applicable budget year pursuant to this subparagraph (III) for  
3 on-line funding; or

4 (B) An amount equal to the base per pupil funding amount  
5 specified in paragraph (a) of subsection (5) of this section for the  
6 applicable budget year multiplied by the district's on-line pupil enrollment  
7 for the applicable budget year.

8 **SECTION 10.** 22-54-104 (4.7) (c), Colorado Revised Statutes, is  
9 amended to read:

10 **22-54-104. District total program.** (4.7) (c) In any budget year  
11 in which the provisions of paragraph (g) of subsection (5) of this section  
12 apply, the department of education shall calculate a district's ~~state budget~~  
13 ~~stabilization~~ reduction amount for ASCENT program funding by  
14 multiplying the ~~state budget stabilization~~ NEGATIVE factor calculated for  
15 the applicable budget year pursuant to sub-subparagraph (A) of  
16 subparagraph (II) of paragraph (g) of subsection (5) of this section by the  
17 amount of the district's ASCENT program funding calculated pursuant to  
18 paragraph (b) of this subsection (4.7) for the applicable budget year. A  
19 district's ASCENT program funding for the applicable budget year shall  
20 be the greater of:

21 (I) The district's ASCENT program funding calculated for the  
22 applicable budget year pursuant to paragraph (b) of this subsection (4.7)  
23 minus the district's ~~state budget stabilization~~ reduction amount calculated  
24 for the applicable budget year pursuant to this paragraph (c) for ASCENT  
25 program funding; or

26 (II) An amount equal to the base per pupil funding amount  
27 specified in paragraph (a) of subsection (5) of this section for the

1 applicable budget year multiplied by the district's ASCENT program  
2 pupil enrollment for the applicable budget year.

3 **SECTION 11. Safety clause.** The general assembly hereby finds,  
4 determines, and declares that this act is necessary for the immediate  
5 preservation of the public peace, health, and safety.