

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

PREAMENDED

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

LLS NO. 14-0590.01 Julie Pelegrin x2700

HOUSE BILL 14-1298

HOUSE SPONSORSHIP

Hamner and Buckner,

SENATE SPONSORSHIP

Kerr and Steadman,

House Committees

Education
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND, IN**
102 **CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

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/bills summaries>.)

The bill sets the statewide base per pupil funding amount for the 2014-15 budget year at \$6,121, which is an inflationary increase of 2.8%.

The bill clarifies the calculation of the cost of living factor in years in which the income level used in the cost of living study decreases below the income level used in the previous cost of living study, in years in

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.*

which the percentage increase in the income level is 1% or lower, and in years in which the percentage increase is more than 1%.

The bill establishes the amount of the negative factor for the 2014-15 budget year. The bill repeals the language that establishes the target amount for total program funding in budget years after 2014-15 and states that, for the 2015-16 budget year, the difference between the amount of statewide total program funding calculated without the negative factor and the amount of statewide total program funding calculated with the negative factor cannot exceed the dollar amount of that difference for the 2014-15 budget year.

For the 2014-15 budget year, the bill increases by 5,000 the number of positions funded in the Colorado preschool program. A school district or a charter school may use the positions to serve a child in half-day or full-day preschool or in full-day kindergarten.

Under existing law, a school district's limit on bonded indebtedness is higher if the school district's pupil enrollment increases by at least 2.5% each year for 3 consecutive fiscal years. The bill allows a school district to use the higher limit on bonded indebtedness if the average annual increase in the school district's pupil enrollment for 3 years or 5 years, whichever results in the highest average, is at least 2.5%.

The bill increases by \$2 million the appropriation to boards of cooperative services to assist school districts in implementing and meeting the state's education priorities.

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

2 **SECTION 1.** In Colorado Revised Statutes, 22-54-104, **add** (5)

3 (a) (XXI) as follows:

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

6 (a) (XXI) FOR THE 2014-15 BUDGET YEAR, THE STATEWIDE BASE
7 PER PUPIL FUNDING IS \$6,121, WHICH IS AN AMOUNT EQUAL TO \$5,954.28,
8 SUPPLEMENTED BY \$166.72 TO ACCOUNT FOR INFLATION.

9 **SECTION 2.** In Colorado Revised Statutes, 22-54-104, **amend**
10 (5) (c) (II) (B.1), (5) (c) (II) (C), and (5) (c) (III) (A); and **add** (5) (c)
11 (II.5) as follows:

12 **22-54-104. District total program.** (5) For purposes of the

1 formulas used in this section:

2 (c) (II) (B.1) Except as provided in subparagraph (IV) of this
3 paragraph (c), for the 2000-01 budget year and budget years thereafter
4 THROUGH THE 2013-14 BUDGET YEAR, a district's cost of living factor
5 ~~shall be~~ IS the district's cost of living factor for the prior budget year, but,
6 if the percentage change in the district's cost of living amount from the
7 previous cost of living study to the current cost of living study is greater
8 than the percent increase in the income level used in the cost of living
9 study, a district's cost of living factor ~~shall be~~ IS determined by dividing
10 the percentage change in the district's cost of living amount from the
11 previous cost of living study to the current cost of living study by the
12 percent increase in the income level used in the cost of living study,
13 dividing said amount by one thousand and rounding to the nearest
14 one-thousandth of one percent, and adding the result obtained to the
15 district's cost of living factor for the prior budget year.

16 (C) For purposes of this subparagraph (II) AND SUBPARAGRAPH
17 (II.5) OF THIS PARAGRAPH (c), a district's cost of living amount refers to
18 the values as adjusted for district labor pool areas.

19 (II.5) EXCEPT AS PROVIDED IN SUBPARAGRAPH (IV) OF THIS
20 PARAGRAPH (c), FOR THE 2014-15 BUDGET YEAR AND BUDGET YEARS
21 THEREAFTER, A DISTRICT'S COST OF LIVING FACTOR IS THE DISTRICT'S COST
22 OF LIVING FACTOR FOR THE PRIOR BUDGET YEAR; EXCEPT THAT:

23 (A) IF THE PERCENT INCREASE IN THE INCOME LEVEL USED IN THE
24 COST OF LIVING STUDY IS ONE PERCENT OR LESS AND IF THE PERCENTAGE
25 CHANGE IN THE DISTRICT'S COST OF LIVING AMOUNT FROM THE PREVIOUS
26 COST OF LIVING STUDY TO THE CURRENT COST OF LIVING STUDY IS
27 GREATER THAN ONE PERCENT, A DISTRICT'S COST OF LIVING FACTOR IS

1 DETERMINED BY DIVIDING THE PERCENTAGE CHANGE IN THE DISTRICT'S
2 COST OF LIVING AMOUNT FROM THE PREVIOUS COST OF LIVING STUDY TO
3 THE CURRENT COST OF LIVING STUDY BY ONE PERCENT, DIVIDING SAID
4 AMOUNT BY ONE THOUSAND AND ROUNDING TO THE NEAREST
5 THOUSANDTH OF ONE PERCENT AND ADDING THE RESULT OBTAINED TO
6 THE DISTRICT'S COST OF LIVING FACTOR FOR THE PRIOR BUDGET YEAR; OR

7 (B) IF THE PERCENT INCREASE IN THE INCOME LEVEL USED IN THE
8 COST OF LIVING STUDY IS MORE THAN ONE PERCENT AND IF THE
9 PERCENTAGE CHANGE IN THE DISTRICT'S COST OF LIVING AMOUNT FROM
10 THE PREVIOUS COST OF LIVING STUDY TO THE CURRENT COST OF LIVING
11 STUDY IS GREATER THAN THE PERCENT INCREASE IN THE INCOME LEVEL
12 USED IN THE COST OF LIVING STUDY, A DISTRICT'S COST OF LIVING FACTOR
13 IS DETERMINED BY DIVIDING THE PERCENTAGE CHANGE IN THE DISTRICT'S
14 COST OF LIVING AMOUNT FROM THE PREVIOUS COST OF LIVING STUDY TO
15 THE CURRENT COST OF LIVING STUDY BY THE PERCENT INCREASE IN THE
16 INCOME LEVEL USED IN THE COST OF LIVING STUDY, DIVIDING SAID
17 AMOUNT BY ONE THOUSAND AND ROUNDING TO THE NEAREST
18 THOUSANDTH OF ONE PERCENT AND ADDING THE RESULT OBTAINED TO
19 THE DISTRICT'S COST OF LIVING FACTOR FOR THE PRIOR BUDGET YEAR.

20 (III) (A) Based upon the cost of living analysis conducted
21 pursuant to the SB 93-87 setting category study, the staff of the legislative
22 council shall certify the cost of living factor for each district to the
23 department of education no later than ten days following April 27, 1994.
24 Such cost of living factors shall be effective for the 1994-95 budget year
25 and the budget year thereafter. The cost of living factor for each district
26 shall be certified to the department by the staff of the legislative council
27 for each two-year period thereafter based upon a new cost of living

1 analysis. The certification shall be made no later than April 15 of the
2 applicable year and shall be effective for the budget year beginning on
3 July 1 of such year and the budget year thereafter. IF THE INCOME LEVEL
4 USED IN A COST OF LIVING ANALYSIS DOES NOT INCREASE ABOVE THE
5 INCOME LEVEL USED IN THE PREVIOUS COST OF LIVING ANALYSIS, THE
6 COST OF LIVING FACTOR FOR EACH DISTRICT REMAINS THE SAME AS THE
7 COST OF LIVING FACTOR DERIVED FROM THE PREVIOUS COST OF LIVING
8 ANALYSIS.

9 **SECTION 3.** In Colorado Revised Statutes, 22-54-104, **amend**
10 (5) (g) (I) (E) as follows:

11 **22-54-104. District total program.** (5) For purposes of the
12 formulas used in this section:

13 (g) (I) For the 2010-11 budget year and each budget year
14 thereafter, the general assembly determines that stabilization of the state
15 budget requires a reduction in the amount of the annual appropriation to
16 fund the state's share of total program funding for all districts and the
17 funding for institute charter schools. The department of education shall
18 implement the reduction in total program funding through the application
19 of a negative factor as provided in this paragraph (g). For the 2010-11
20 budget year and each budget year thereafter, the department of education
21 and the staff of the legislative council shall determine, based on budget
22 projections, the amount of such reduction to ensure the following:

23 (E) That, for the 2014-15 budget year, ~~and each budget year~~
24 ~~thereafter~~, the sum of the total program funding for all districts, including
25 the funding for institute charter schools, after application of the negative
26 factor, is not less than ~~the sum of the total program funding for all~~
27 ~~districts, including the funding for institute charter schools, after the~~

1 ~~application of the negative factor for the immediately preceding budget~~
2 ~~year, adjusted by the amount necessary to adjust the state average per~~
3 ~~pupil revenues for the applicable budget year by the rate of inflation, as~~
4 ~~defined in section 22-55-102 (7), for the calendar year ending in the~~
5 ~~immediately preceding school district budget year~~ FIVE BILLION SEVEN
6 HUNDRED SEVENTY-FIVE MILLION ONE HUNDRED FORTY-THREE THOUSAND
7 FORTY-TWO DOLLARS (\$5,775,143,042); except that the department of
8 education and the staff of the legislative council shall make mid-year
9 revisions to replace projections with actual figures including, but not
10 limited to, actual pupil enrollment, assessed valuations, and specific
11 ownership tax revenue from the prior year, to determine any necessary
12 changes in the amount of the reduction to maintain a total program
13 funding amount for the applicable budget year that is consistent with this
14 sub-subparagraph (E). FOR THE 2015-16 BUDGET YEAR, THE DIFFERENCE
15 BETWEEN CALCULATED STATEWIDE TOTAL PROGRAM FUNDING AND
16 ACTUAL STATEWIDE TOTAL PROGRAM FUNDING MUST NOT EXCEED THE
17 DIFFERENCE BETWEEN CALCULATED STATEWIDE TOTAL PROGRAM
18 FUNDING AND ACTUAL STATEWIDE TOTAL PROGRAM FUNDING FOR THE
19 2014-15 BUDGET YEAR.

20 **SECTION 4.** In Colorado Revised Statutes, 22-54-104, **amend**
21 **as amended by House Bill 14-1292** (5) (g) (I) (E) as follows:

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

24 (g) (I) For the 2010-11 budget year and each budget year
25 thereafter, the general assembly determines that stabilization of the state
26 budget requires a reduction in the amount of the annual appropriation to
27 fund the state's share of total program funding for all districts and the

1 funding for institute charter schools. The department of education shall
2 implement the reduction in total program funding through the application
3 of a negative factor as provided in this paragraph (g). For the 2010-11
4 budget year and each budget year thereafter, the department of education
5 and the staff of the legislative council shall determine, based on budget
6 projections, the amount of such reduction to ensure the following:

7 (E) That, for the 2014-15 budget year, the sum of the total
8 program funding for all districts, including the funding for institute
9 charter schools, after application of the negative factor, is not less than
10 the sum of the total program funding for all districts, including the
11 funding for institute charter schools, after the application of the negative
12 factor, is not less than ~~five billion nine hundred one million sixty-two~~
13 ~~thousand six hundred fourteen dollars (\$5,901,062,614)~~ FIVE BILLION
14 NINE HUNDRED NINETEEN MILLION SIX HUNDRED SIXTY-TWO THOUSAND
15 EIGHT HUNDRED EIGHTY DOLLARS (\$5,919,662,880); except that the
16 department of education and the staff of the legislative council shall make
17 mid-year revisions to replace projections with actual figures including,
18 but not limited to, actual pupil enrollment, assessed valuations, and
19 specific ownership tax revenue from the prior year, to determine any
20 necessary changes in the amount of the reduction to maintain a total
21 program funding amount for the applicable budget year that is consistent
22 with this sub-subparagraph (E). FOR THE 2015-16 BUDGET YEAR, THE
23 DIFFERENCE BETWEEN CALCULATED STATEWIDE TOTAL PROGRAM
24 FUNDING AND ACTUAL STATEWIDE TOTAL PROGRAM FUNDING MUST NOT
25 EXCEED THE DIFFERENCE BETWEEN CALCULATED STATEWIDE TOTAL
26 PROGRAM FUNDING AND ACTUAL STATEWIDE TOTAL PROGRAM FUNDING
27 FOR THE 2014-15 BUDGET YEAR.

1 **SECTION 5.** In Colorado Revised Statutes, 22-54-104, **add** (5)
2 (g) (VII) as follows:

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

5 (g) (VII) AS USED IN THIS PARAGRAPH (g), UNLESS THE CONTEXT
6 OTHERWISE REQUIRES:

7 (A) "ACTUAL STATEWIDE TOTAL PROGRAM FUNDING" MEANS THE
8 SUM OF THE TOTAL PROGRAM FUNDING FOR ALL DISTRICTS, INCLUDING THE
9 FUNDING FOR INSTITUTE CHARTER SCHOOLS, AS CALCULATED PURSUANT
10 TO SUBSECTION (2) OF THIS SECTION, AFTER APPLICATION OF THE
11 NEGATIVE FACTOR PURSUANT TO THIS PARAGRAPH (g).

12 (B) "CALCULATED STATEWIDE TOTAL PROGRAM FUNDING" MEANS
13 THE SUM OF THE TOTAL PROGRAM FUNDING FOR ALL DISTRICTS, INCLUDING
14 THE FUNDING FOR INSTITUTE CHARTER SCHOOLS, AS CALCULATED
15 PURSUANT TO SUBSECTION (2) OF THIS SECTION, BEFORE APPLICATION OF
16 THE NEGATIVE FACTOR PURSUANT TO THIS PARAGRAPH (g).

17 **SECTION 6.** In Colorado Revised Statutes, 22-28-104.3, **amend**
18 (1) as follows:

19 **22-28-104.3. Early childhood at-risk enhancement (ECARE).**

20 (1) (a) Notwithstanding the number of children who may annually
21 participate in the Colorado preschool program pursuant to section
22 22-28-104 (2) (a):

23 (I) For the 2013-14 budget year, ~~and each budget year thereafter,~~
24 an additional three thousand two hundred children may ~~annually~~
25 participate in the Colorado preschool program, for a total of twenty-three
26 thousand three hundred sixty children who may ~~annually~~ participate in the
27 Colorado preschool program FOR THE 2013-14 BUDGET YEAR.

1 (II) FOR THE 2014-15 BUDGET YEAR, AND EACH BUDGET YEAR
2 THEREAFTER, AN ADDITIONAL FIVE THOUSAND CHILDREN MAY ANNUALLY
3 PARTICIPATE IN THE COLORADO PRESCHOOL PROGRAM, FOR A TOTAL OF
4 TWENTY-EIGHT THOUSAND THREE HUNDRED SIXTY CHILDREN WHO MAY
5 ANNUALLY PARTICIPATE IN THE COLORADO PRESCHOOL PROGRAM.

6 (b) The department shall allocate the authority to enroll the
7 additional children in the same manner provided in section 22-28-104;
8 except that the provisions of section 22-28-104 (2) (b) do not apply.

9 **SECTION 7.** In Colorado Revised Statutes, 22-42-104, **amend**
10 (1) introductory portion, (1.3) introductory portion, and (1.5); and **add**
11 (1.6) as follows:

12 **22-42-104. Limit of bonded indebtedness.** (1) Except as
13 provided in subsections (1.3), ~~and~~ (1.4), AND (1.6) of this section, a
14 ~~school district shall have a~~ THE limit of ON bonded indebtedness of A
15 SCHOOL DISTRICT IS the greater of the following:

16 (1.3) Notwithstanding the provisions of paragraph (a) of
17 subsection (1) of this section and except as provided in subsection (1.4)
18 of this section, the limit on bonded indebtedness of a school district ~~shall~~
19 ~~be~~ IS the greater of the limit determined pursuant to paragraph (b) of
20 subsection (1) of this section or twenty-five percent of the latest valuation
21 for assessment of the taxable property in ~~such~~ THE district, as certified by
22 the county assessor to the board of county commissioners, for any bonded
23 indebtedness approved at any election held on or after July 1, 1994, BUT
24 BEFORE JULY 1, 2014, if the commissioner of education or the
25 commissioner's designee certifies that for each of the preceding three
26 fiscal years, or for three consecutive fiscal years that include the fiscal
27 year in which the certification is made, the pupil enrollment or the funded

1 pupil count of the district as of the pupil enrollment count day, whichever
2 is applicable, has increased:

3 (1.5) The debt limit provided in subsection (1.3) OR (1.6) of this
4 section ~~shall apply~~ APPLIES to a district only as long as the conditions of
5 subsection (1.3) OR (1.6) of this section are met. In ~~any~~ A year in which
6 the conditions of said subsection (1.3) OR (1.6) are not met, the debt limit
7 ~~shall be~~ IS the limit set forth in subsection (1) of this section; except that
8 the validity of bonded indebtedness incurred in any year in which the debt
9 limit in said subsection (1.3) ~~applied shall not be~~ OR (1.6) APPLIES IS NOT
10 affected by a subsequent reduction in the district's debt limit.

11 (1.6) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (a) OF
12 SUBSECTION (1) OF THIS SECTION AND EXCEPT AS PROVIDED IN
13 SUBSECTION (1.4) OF THIS SECTION, THE LIMIT ON BONDED INDEBTEDNESS
14 OF A SCHOOL DISTRICT IS THE GREATER OF THE LIMIT DETERMINED
15 PURSUANT TO PARAGRAPH (b) OF SUBSECTION (1) OF THIS SECTION OR
16 TWENTY-FIVE PERCENT OF THE LATEST VALUATION FOR ASSESSMENT OF
17 THE TAXABLE PROPERTY IN THE DISTRICT, AS CERTIFIED BY THE COUNTY
18 ASSESSOR TO THE BOARD OF COUNTY COMMISSIONERS, FOR BONDED
19 INDEBTEDNESS APPROVED AT AN ELECTION HELD ON OR AFTER JULY 1,
20 2014, IF THE COMMISSIONER OF EDUCATION OR THE COMMISSIONER'S
21 DESIGNEE CERTIFIES THAT:

22 (a) FOR A DISTRICT THAT HAS A PUPIL ENROLLMENT OR FUNDED
23 PUPIL COUNT, WHICHEVER IS APPLICABLE, OF ONE THOUSAND PUPILS OR
24 MORE, THE AVERAGE OF THE ANNUAL PERCENTAGE INCREASES IN THE
25 DISTRICT'S PUPIL ENROLLMENT OR FUNDED PUPIL COUNT AS OF THE PUPIL
26 ENROLLMENT COUNT DAY FOR THE THREE PRECEDING FISCAL YEARS OR
27 THE FIVE PRECEDING FISCAL YEARS, WHICHEVER IS HIGHER, IS AT LEAST

1 TWO AND ONE-HALF PERCENT;

2 (b) FOR A DISTRICT THAT HAS A PUPIL ENROLLMENT OR FUNDED
3 PUPIL COUNT, WHICHEVER IS APPLICABLE, OF FEWER THAN ONE THOUSAND
4 PUPILS, THE AVERAGE OF THE ANNUAL INCREASES IN THE DISTRICT'S PUPIL
5 ENROLLMENT OR FUNDED PUPIL COUNT AS OF THE PUPIL ENROLLMENT
6 COUNT DAY FOR THE THREE PRECEDING FISCAL YEARS OR THE FIVE
7 PRECEDING FISCAL YEARS, WHICHEVER IS HIGHER, IS AT LEAST
8 TWENTY-FIVE PUPILS.

9 **SECTION 8.** In Colorado Revised Statutes, 24-75-220, **add** (5)
10 as follows:

11 **24-75-220. State education fund - transfers - surplus -**
12 **legislative declaration.** (5) NOTWITHSTANDING ANY PROVISION OF LAW
13 TO THE CONTRARY, ON THE DATE ON WHICH THE STATE CONTROLLER
14 PUBLISHES THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE
15 STATE FOR THE FISCAL YEAR 2014-15, THE STATE TREASURER SHALL
16 TRANSFER TO THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) OF
17 ARTICLE IX OF THE STATE CONSTITUTION SEVENTY-FIVE PERCENT OF THE
18 REMAINING GENERAL FUND SURPLUS DESIGNATED IN ACCORDANCE WITH
19 SECTION 24-75-201 (1) FOR THE FISCAL YEAR 2014-15.

20 **SECTION 9. Appropriation - adjustments to the 2014 long**
21 **bill.** (1) For the implementation of this act, appropriations made in the
22 annual general appropriation act to the department of education for the
23 fiscal year beginning July 1, 2014, are adjusted as follows:

24 (a) The cash funds appropriation from the state education fund
25 created in section 17 (4) (a) of article IX of the state constitution, for the
26 BOCES funding per section 22-5-122, Colorado Revised Statutes, is
27 increased by \$2,000,000.

1 **SECTION 10. Effective date.** (1) Except as otherwise provided
2 in this section, this act takes effect upon passage.

3 (2) Section 3 of this act takes effect only if House Bill 14-1292
4 does not become law.

5 (3) Section 4 of this act takes effect only if House Bill 14-1292
6 becomes law, in which case section 4 of this act takes effect on the
7 effective date of this act or of House Bill 14-1292, whichever is later.

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