Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

INTRODUCED

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

CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND, IN
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/billsummaries.)

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
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:

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

(a) (XXI) For the 2014-15 budget year, the statewide base per pupil funding is $6,121, which is an amount equal to $5,954.28, supplemented by $166.72 to account for inflation.

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

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

(c) (II) (B.1) Except as provided in subparagraph (IV) of this paragraph (c), for the 2000-01 budget year and budget years thereafter through the 2013-14 budget year, a district's cost of living factor shall be the district's cost of living factor for the prior budget year, but, if the percentage change in the district's cost of living amount from the previous cost of living study to the current cost of living study is greater than the percent increase in the income level used in the cost of living study, a district's cost of living factor shall be determined by dividing the percentage change in the district's cost of living amount from the previous cost of living study to the current cost of living study by the percent increase in the income level used in the cost of living study, dividing said amount by one thousand and rounding to the nearest one-thousandth of one percent, and adding the result obtained to the district's cost of living factor for the prior budget year.

(C) For purposes of this subparagraph (II) and subparagraph (II.5) of this paragraph (c), a district's cost of living amount refers to the values as adjusted for district labor pool areas.

(II.5) Except as provided in subparagraph (IV) of this paragraph (c), for the 2014-15 budget year and budget years thereafter, a district's cost of living factor is the district's cost of living factor for the prior budget year; except that:

(A) If the percent increase in the income level used in the cost of living study is one percent or less and if the percentage change in the district's cost of living amount from the previous cost of living study to the current cost of living study is greater than one percent, a district's cost of living factor is
DETERMINED BY DIVIDING THE PERCENTAGE CHANGE IN THE DISTRICT’S COST OF LIVING AMOUNT FROM THE PREVIOUS COST OF LIVING STUDY TO THE CURRENT COST OF LIVING STUDY BY ONE PERCENT, DIVIDING SAID AMOUNT BY ONE THOUSAND AND Rounding TO THE NEAREST THOUSANDTH OF ONE PERCENT AND ADDING THE RESULT OBTAINED TO THE DISTRICT’S COST OF LIVING FACTOR FOR THE PRIOR BUDGET YEAR; OR

(B) IF THE PERCENT INCREASE IN THE INCOME LEVEL USED IN THE COST OF LIVING STUDY IS MORE THAN ONE PERCENT AND IF THE PERCENTAGE CHANGE IN THE DISTRICT’S COST OF LIVING AMOUNT FROM THE PREVIOUS COST OF LIVING STUDY TO THE CURRENT COST OF LIVING STUDY IS GREATER THAN THE PERCENT INCREASE IN THE INCOME LEVEL USED IN THE COST OF LIVING STUDY, A DISTRICT’S COST OF LIVING FACTOR IS DETERMINED BY DIVIDING THE PERCENTAGE CHANGE IN THE DISTRICT’S COST OF LIVING AMOUNT FROM THE PREVIOUS COST OF LIVING STUDY TO THE CURRENT COST OF LIVING STUDY BY THE PERCENT INCREASE IN THE INCOME LEVEL USED IN THE COST OF LIVING STUDY, DIVIDING SAID AMOUNT BY ONE THOUSAND AND Rounding TO THE NEAREST THOUSANDTH OF ONE PERCENT AND ADDING THE RESULT OBTAINED TO THE DISTRICT’S COST OF LIVING FACTOR FOR THE PRIOR BUDGET YEAR.

(III) (A) Based upon the cost of living analysis conducted pursuant to the SB 93-87 setting category study, the staff of the legislative council shall certify the cost of living factor for each district to the department of education no later than ten days following April 27, 1994. Such cost of living factors shall be effective for the 1994-95 budget year and the budget year thereafter. The cost of living factor for each district shall be certified to the department by the staff of the legislative council for each two-year period thereafter based upon a new cost of living
analysis. The certification shall be made no later than April 15 of the applicable year and shall be effective for the budget year beginning on July 1 of such year and the budget year thereafter. IF THE INCOME LEVEL USED IN A COST OF LIVING ANALYSIS DOES NOT INCREASE ABOVE THE INCOME LEVEL USED IN THE PREVIOUS COST OF LIVING ANALYSIS, THE COST OF LIVING FACTOR FOR EACH DISTRICT REMAINS THE SAME AS THE COST OF LIVING FACTOR DERIVED FROM THE PREVIOUS COST OF LIVING ANALYSIS.

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

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

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

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

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

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

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

(E) That, for the 2014-15 budget year, the sum of the total program funding for all districts, including the funding for institute charter schools, after application of the negative factor, is not less than the sum of the total program funding for all districts, including the funding for institute charter schools, after the application of the negative factor, is not less than five billion nine hundred one million sixty-two thousand six hundred fourteen dollars ($5,901,062,614) FIVE BILLION NINE HUNDRED NINETEEN MILLION SIX HUNDRED SIXTY-TWO THOUSAND EIGHT HUNDRED EIGHTY DOLLARS ($5,919,662,880); except that the department of education and the staff of the legislative council shall make mid-year revisions to replace projections with actual figures including, but not limited to, actual pupil enrollment, assessed valuations, and specific ownership tax revenue from the prior year, to determine any necessary changes in the amount of the reduction to maintain a total program funding amount for the applicable budget year that is consistent with this sub-subparagraph (E). FOR THE 2015-16 BUDGET YEAR, THE DIFFERENCE BETWEEN CALCULATED STATEWIDE TOTAL PROGRAM FUNDING AND ACTUAL STATEWIDE TOTAL PROGRAM FUNDING MUST NOT EXCEED THE DIFFERENCE BETWEEN CALCULATED STATEWIDE TOTAL PROGRAM FUNDING AND ACTUAL STATEWIDE TOTAL PROGRAM FUNDING FOR THE 2014-15 BUDGET YEAR.
SECTION 5. In Colorado Revised Statutes, 22-54-104, add (5) (g) (VII) as follows:

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

(g) (VII) As used in this paragraph (g), unless the context otherwise requires:

(A) "Actual statewide total program funding" means the sum of the total program funding for all districts, including the funding for institute charter schools, as calculated pursuant to subsection (2) of this section, after application of the negative factor pursuant to this paragraph (g).

(B) "Calculated statewide total program funding" means the sum of the total program funding for all districts, including the funding for institute charter schools, as calculated pursuant to subsection (2) of this section, before application of the negative factor pursuant to this paragraph (g).

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

22-28-104.3. Early childhood at-risk enhancement (ECARE). (1) (a) Notwithstanding the number of children who may annually participate in the Colorado preschool program pursuant to section 22-28-104 (2) (a):

(I) For the 2013-14 budget year, and each budget year thereafter, an additional three thousand two hundred children may annually participate in the Colorado preschool program, for a total of twenty-three thousand three hundred sixty children who may annually participate in the Colorado preschool program for the 2013-14 budget year.
(II) For the 2014-15 budget year, and each budget year thereafter, an additional five thousand children may annually participate in the Colorado preschool program, for a total of twenty-eight thousand three hundred sixty children who may annually participate in the Colorado preschool program.

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

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

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

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

(1.5) The debt limit provided in subsection (1.3) or (1.6) of this section shall apply to a district only as long as the conditions of subsection (1.3) or (1.6) of this section are met. In any year in which the conditions of said subsection (1.3) or (1.6) are not met, the debt limit shall be the limit set forth in subsection (1) of this section; except that the validity of bonded indebtedness incurred in any year in which the debt limit in said subsection (1.3) applied shall not be affected by a subsequent reduction in the district's debt limit.

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

(a) FOR A DISTRICT THAT HAS A PUPIL ENROLLMENT OR FUNDED PUPIL COUNT, WHICHEVER IS APPLICABLE, OF ONE THOUSAND PUPILS OR MORE, THE AVERAGE OF THE ANNUAL PERCENTAGE INCREASES IN THE DISTRICT'S PUPIL ENROLLMENT OR FUNDED PUPIL COUNT AS OF THE PUPIL ENROLLMENT COUNT DAY FOR THE THREE PRECEDING FISCAL YEARS OR THE FIVE PRECEDING FISCAL YEARS, WHICHEVER IS HIGHER, IS AT LEAST
TWO AND ONE-HALF PERCENT;

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

SECTION 8. Appropriation - adjustments to the 2014 long bill. (1) For the implementation of this act, appropriations made in the annual general appropriation act to the department of education for the fiscal year beginning July 1, 2014, are adjusted as follows:

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

SECTION 9. Effective date. (1) Except as otherwise provided in this section, this act takes effect upon passage.

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

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

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