

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. 06-0215.01 Julie Pelegrin

SENATE BILL 06-042

SENATE SPONSORSHIP

Windels, and Bacon

HOUSE SPONSORSHIP

King, Benefield, and Penry

Senate Committees
Education

House Committees

A BILL FOR AN ACT

101 **CONCERNING TECHNICAL REVISIONS TO PROVISIONS AFFECTING**
102 **FUNDING FOR CERTAIN CHARTER SCHOOLS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on School Finance. Clarifies the definitions pertaining to funding institute charter schools. Relocates provisions concerning funding, central administrative overhead costs, and purchase of services that pertain to certain district charter schools. Clarifies the formula for calculating district at-risk per pupil funding for certain district charter schools.

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.

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

2 **SECTION 1.** 22-30.5-513 (1), Colorado Revised Statutes, is
3 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

4 **22-30.5-513. Institute charter schools - funding.** (1) AS USED
5 IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

6 (a) "ACCOUNTING DISTRICT" MEANS THE SCHOOL DISTRICT WITHIN
7 WHOSE GEOGRAPHIC BOUNDARIES AN INSTITUTE CHARTER SCHOOL IS
8 PHYSICALLY LOCATED.

9 (b) "ACCOUNTING DISTRICT'S ADJUSTED PER PUPIL REVENUES"
10 MEANS THE ACCOUNTING DISTRICT'S PER PUPIL FUNDING PLUS THE
11 ACCOUNTING DISTRICT'S AT-RISK PER PUPIL FUNDING.

12 (c) "ACCOUNTING DISTRICT'S AT-RISK FUNDING" MEANS THE
13 AMOUNT OF FUNDING FOR AT-RISK PUPILS IN THE ACCOUNTING DISTRICT
14 DETERMINED IN ACCORDANCE WITH THE FORMULAS DESCRIBED IN SECTION
15 22-54-104 (4).

16 (d) "ACCOUNTING DISTRICT'S AT-RISK PER PUPIL FUNDING" MEANS
17 THE AMOUNT OF FUNDING DETERMINED IN ACCORDANCE WITH THE
18 FOLLOWING FORMULA:

19 (THE ACCOUNTING DISTRICT'S AT-RISK FUNDING DIVIDED BY
20 THE ACCOUNTING DISTRICT'S FUNDED PUPIL COUNT) X (THE
21 INSTITUTE CHARTER SCHOOL'S PERCENTAGE OF AT-RISK
22 PUPILS DIVIDED BY THE ACCOUNTING DISTRICT'S
23 PERCENTAGE OF AT-RISK PUPILS)

24 (e) "ACCOUNTING DISTRICT'S FUNDED PUPIL COUNT" SHALL HAVE
25 THE SAME MEANING AS THE TERM "DISTRICT FUNDED PUPIL COUNT"
26 DEFINED IN SECTION 22-54-103 (7).

1 (f) "ACCOUNTING DISTRICT'S PER PUPIL FUNDING" MEANS THE PER
2 PUPIL FUNDING CALCULATED FOR THE ACCOUNTING DISTRICT PURSUANT
3 TO THE FORMULA DESCRIBED IN SECTION 22-54-104 (3).

4 (g) "ACCOUNTING DISTRICT'S PER PUPIL ON-LINE FUNDING" MEANS
5 THE MINIMUM PER PUPIL FUNDING, AS DEFINED IN SECTION 22-54-104
6 (3.5), FOR ANY BUDGET YEAR.

7 (h) "ADMINISTRATIVE OVERHEAD COSTS" MEANS ALL ACTUAL AND
8 REASONABLE COSTS INCURRED BY THE INSTITUTE AS A RESULT OF ITS
9 PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS PART 5.
10 "ADMINISTRATIVE OVERHEAD COSTS" SHALL NOT INCLUDE ANY COSTS
11 INCURRED IN ORDER TO DELIVER SERVICES THAT AN INSTITUTE CHARTER
12 SCHOOL MAY PURCHASE AT ITS DISCRETION.

13 (i) "AT-RISK PUPILS" SHALL HAVE THE SAME MEANING AS
14 PROVIDED IN SECTION 22-54-103 (1.5).

15 (j) "ON-LINE PUPIL ENROLLMENT" MEANS THE NUMBER OF PUPILS,
16 ON OCTOBER 1 WITHIN THE APPLICABLE BUDGET YEAR OR THE SCHOOL
17 DAY NEAREST SAID DATE, ENROLLED IN, ATTENDING, AND ACTIVELY
18 PARTICIPATING IN AN ON-LINE PROGRAM CREATED PURSUANT TO SECTION
19 22-33-104.6 BY THE INSTITUTE CHARTER SCHOOL, WHICH PUPILS MEET THE
20 REQUIREMENTS SPECIFIED IN SECTION 22-33-104.6 (4) (a) OR ARE EXEMPT
21 PURSUANT TO RULES ADOPTED BY THE STATE BOARD PURSUANT TO
22 SECTION 22-33-104.6 (7).

23 (k) "PUPIL ENROLLMENT" SHALL HAVE THE SAME MEANING AS
24 PROVIDED IN SECTION 22-54-103 (10).

25 (l) "QUALIFIED CHARTER SCHOOL" SHALL HAVE THE SAME
26 MEANING AS PROVIDED IN SECTION 22-54-124 (1) (f.6).

27 **SECTION 2.** 22-30.5-513 (2) (b) and (4) (a), Colorado Revised

1 Statutes, are amended to read:

2 **22-30.5-513. Institute charter schools - funding.** (2) (b) For
3 budget year 2004-05 and budget years thereafter, each institute charter
4 school and the institute shall negotiate funding under the charter contract
5 at a minimum of ninety-five percent of the institute charter school's
6 accounting district's adjusted per pupil revenues for each pupil enrolled
7 in the institute charter school who is not an on-line pupil and ninety-five
8 percent of the institute charter school's accounting district's per pupil
9 on-line funding for each on-line pupil enrolled in the institute charter
10 school. The institute may retain the actual amount of the institute charter
11 school's per pupil share of the administrative overhead costs for services
12 actually provided to the institute charter school; except that the institute
13 may retain no more than the actual cost of the administrative overhead
14 costs not to exceed three percent of the accounting district's ADJUSTED per
15 pupil revenues for each pupil, who is not an on-line pupil, enrolled in the
16 institute charter school, and three percent of the accounting district's per
17 pupil on-line funding for each on-line pupil enrolled in the institute
18 charter school.

19 (4) (a) For each institute charter school, the department shall
20 withhold from the state equalization payments of the institute charter
21 school's accounting district an amount equal to one hundred percent of the
22 ACCOUNTING DISTRICT'S adjusted per pupil revenues multiplied by the
23 number of pupils enrolled in the institute charter school who are not
24 on-line pupils plus an amount equal to one hundred percent of the ~~district~~
25 ACCOUNTING DISTRICT'S per pupil on-line funding multiplied by the
26 number of on-line pupils enrolled in the institute charter school. The
27 department shall forward to the institute the amount withheld minus an

1 amount not to exceed two percent of the amount withheld that may be
2 retained by the department as reimbursement for the reasonable and
3 necessary costs to the department to implement the provisions of this part
4 5. The institute shall forward to each institute charter school an amount
5 equal to the institute charter school's pupil enrollment multiplied by the
6 ACCOUNTING DISTRICT'S adjusted per pupil revenues of the institute
7 charter school's accounting district, minus the amount of the actual costs
8 incurred by the institute in providing necessary administration, oversight,
9 and management services to the institute charter school, not to exceed
10 three percent of the amount withheld, and minus the amount agreed to in
11 the institute charter contract for any additional services, as provided in
12 paragraph (b) of this subsection (4).

13 **SECTION 3. Repeal.** 22-30.5-513 (7) and (8), Colorado Revised
14 Statutes, are repealed.

15 **SECTION 4.** Part 1 of article 30.5 of title 22, Colorado Revised
16 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
17 read:

18 **22-30.5-112.1. Charter schools - exclusive jurisdiction districts**
19 **- authorized on or after July 1, 2004 - financing.** (1) AS USED IN THIS
20 SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

21 (a) "ADJUSTED DISTRICT PER PUPIL REVENUES" MEANS THE
22 QUALIFYING SCHOOL DISTRICT'S PER PUPIL FUNDING PLUS THE QUALIFYING
23 SCHOOL DISTRICT'S AT-RISK PER PUPIL FUNDING.

24 (b) "AT-RISK FUNDING" MEANS THE AMOUNT OF FUNDING
25 DETERMINED IN ACCORDANCE WITH THE FORMULAS DESCRIBED IN SECTION
26 22-54-104 (4).

27 (c) "AT-RISK PER PUPIL FUNDING" MEANS THE AMOUNT OF

1 FUNDING DETERMINED IN ACCORDANCE WITH THE FOLLOWING FORMULA:

2 (THE QUALIFYING SCHOOL DISTRICT'S AT-RISK FUNDING
3 DIVIDED BY THE QUALIFYING SCHOOL DISTRICT'S FUNDED
4 PUPIL COUNT) X (THE DISTRICT CHARTER SCHOOL'S
5 PERCENTAGE OF AT-RISK PUPILS DIVIDED BY THE
6 QUALIFYING SCHOOL DISTRICT'S PERCENTAGE OF AT-RISK
7 PUPILS)

8 (d) "AT-RISK PUPILS" SHALL HAVE THE SAME MEANING AS
9 PROVIDED IN SECTION 22-54-103 (1.5).

10 (e) "CENTRAL ADMINISTRATIVE OVERHEAD COSTS" SHALL HAVE
11 THE SAME MEANING AS PROVIDED IN SECTION 22-30.5-112 (2) (a.5) (I).

12 (f) "DISTRICT CHARTER SCHOOL" MEANS A CHARTER SCHOOL FOR
13 WHICH THE CHARTER APPLICATION IS APPROVED ON OR AFTER JULY 1,
14 2004, BY A QUALIFYING SCHOOL DISTRICT.

15 (g) "DISTRICT FUNDED PUPIL COUNT" SHALL HAVE THE SAME
16 MEANING AS PROVIDED IN SECTION 22-54-103 (7).

17 (h) "DISTRICT PER PUPIL FUNDING" MEANS A QUALIFYING SCHOOL
18 DISTRICT'S PER PUPIL FUNDING AS DETERMINED IN ACCORDANCE WITH THE
19 FORMULA DESCRIBED IN SECTION 22-54-104 (3).

20 (i) "DISTRICT PER PUPIL ON-LINE FUNDING" MEANS THE MINIMUM
21 PER PUPIL FUNDING, AS DEFINED IN SECTION 22-54-104 (3.5), FOR ANY
22 BUDGET YEAR.

23 (j) "DISTRICT PER PUPIL REVENUES" MEANS THE QUALIFYING
24 SCHOOL DISTRICT'S TOTAL PROGRAM, AS DEFINED IN SECTION 22-54-103
25 (6), FOR ANY BUDGET YEAR DIVIDED BY THE QUALIFYING SCHOOL
26 DISTRICT'S FUNDED PUPIL COUNT FOR SAID BUDGET YEAR.

27 (k) "ON-LINE PUPIL ENROLLMENT" MEANS THE NUMBER OF PUPILS,

1 ON OCTOBER 1 WITHIN THE APPLICABLE BUDGET YEAR OR THE SCHOOL
2 DAY NEAREST SAID DATE, ENROLLED IN, ATTENDING, AND ACTIVELY
3 PARTICIPATING IN AN ON-LINE PROGRAM CREATED PURSUANT TO SECTION
4 22-33-104.6 BY THE DISTRICT CHARTER SCHOOL, WHICH PUPILS MEET THE
5 REQUIREMENTS SPECIFIED IN SECTION 22-33-104.6 (4) (a) OR ARE EXEMPT
6 PURSUANT TO RULES ADOPTED BY THE STATE BOARD PURSUANT TO
7 SECTION 22-33-104.6 (7).

8 (l) "PUPIL ENROLLMENT" SHALL HAVE THE SAME MEANING AS
9 PROVIDED IN SECTION 22-54-103 (10).

10 (m) "QUALIFYING SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT:

11 (I) THAT HAS RETAINED EXCLUSIVE AUTHORITY TO AUTHORIZE
12 CHARTER SCHOOLS PURSUANT TO THE PROVISIONS OF SECTION
13 22-30.5-504; AND

14 (II) IN WHICH MORE THAN FORTY PERCENT OF THE PUPIL
15 ENROLLMENT CONSISTS OF AT-RISK PUPILS.

16 (2) NOTWITHSTANDING THE PROVISIONS OF SECTION 22-30.5-112
17 (2) (a) TO (2) (a.5), (2) (b), (2) (b.5), AND (2) (c), THE AMOUNT OF
18 FUNDING TO BE RECEIVED BY A DISTRICT CHARTER SCHOOL, THE
19 ACCOUNTING OF CENTRAL ADMINISTRATIVE OVERHEAD COSTS BETWEEN
20 A DISTRICT CHARTER SCHOOL AND A QUALIFYING SCHOOL DISTRICT, AND
21 THE DIRECT PURCHASE OF DISTRICT SERVICES BY A DISTRICT CHARTER
22 SCHOOL FROM A QUALIFYING SCHOOL DISTRICT SHALL BE DETERMINED
23 PURSUANT TO THE PROVISIONS OF THIS SECTION.

24 (3) (a) FOR BUDGET YEAR 2004-05 AND BUDGET YEARS
25 THEREAFTER, EACH DISTRICT CHARTER SCHOOL AND THE QUALIFYING
26 SCHOOL DISTRICT THAT APPROVED THE CHARTER SHALL NEGOTIATE
27 FUNDING UNDER THE CHARTER CONTRACT. THE DISTRICT CHARTER

1 SCHOOL SHALL RECEIVE ONE HUNDRED PERCENT OF THE ADJUSTED
2 DISTRICT PER PUPIL REVENUES FOR EACH PUPIL ENROLLED IN THE DISTRICT
3 CHARTER SCHOOL WHO IS NOT AN ON-LINE PUPIL AND ONE HUNDRED
4 PERCENT OF THE DISTRICT PER PUPIL ON-LINE FUNDING FOR EACH ON-LINE
5 PUPIL ENROLLED IN THE DISTRICT CHARTER SCHOOL; EXCEPT THAT THE
6 QUALIFYING SCHOOL DISTRICT MAY CHOOSE TO RETAIN THE SUM OF THE
7 ACTUAL AMOUNT OF THE DISTRICT CHARTER SCHOOL'S PER PUPIL SHARE
8 OF THE CENTRAL ADMINISTRATIVE OVERHEAD COSTS FOR SERVICES
9 ACTUALLY PROVIDED TO THE DISTRICT CHARTER SCHOOL, UP TO FIVE
10 PERCENT OF THE ADJUSTED DISTRICT PER PUPIL REVENUES FOR EACH PUPIL
11 WHO IS NOT AN ON-LINE PUPIL ENROLLED IN THE DISTRICT CHARTER
12 SCHOOL AND UP TO FIVE PERCENT OF THE DISTRICT PER PUPIL ON-LINE
13 FUNDING FOR EACH ON-LINE PUPIL ENROLLED IN THE DISTRICT CHARTER
14 SCHOOL.

15 (b) NOTWITHSTANDING ANY PROVISION OF THIS SUBSECTION (3) TO
16 THE CONTRARY, IF A QUALIFYING SCHOOL DISTRICT ENROLLS FIVE
17 HUNDRED OR FEWER STUDENTS, THE DISTRICT CHARTER SCHOOL SHALL
18 RECEIVE FUNDING IN THE AMOUNT OF THE GREATER OF ONE HUNDRED
19 PERCENT OF THE DISTRICT PER PUPIL ON-LINE FUNDING FOR EACH ON-LINE
20 PUPIL ENROLLED IN THE DISTRICT CHARTER SCHOOL PLUS ONE HUNDRED
21 PERCENT OF THE DISTRICT PER PUPIL REVENUES FOR EACH PUPIL WHO IS
22 NOT AN ON-LINE PUPIL ENROLLED IN THE DISTRICT CHARTER SCHOOL,
23 MINUS THE ACTUAL AMOUNT OF THE DISTRICT CHARTER SCHOOL'S PER
24 PUPIL SHARE OF THE CENTRAL ADMINISTRATIVE OVERHEAD COSTS
25 INCURRED BY THE QUALIFYING SCHOOL DISTRICT, BASED ON AUDITED
26 FIGURES, OR EIGHTY-FIVE PERCENT OF THE DISTRICT PER PUPIL REVENUES
27 FOR EACH PUPIL ENROLLED IN THE DISTRICT CHARTER SCHOOL WHO IS NOT

1 AN ON-LINE PUPIL PLUS EIGHTY-FIVE PERCENT OF THE DISTRICT PER PUPIL
2 ON-LINE FUNDING FOR EACH ON-LINE PUPIL ENROLLED IN THE DISTRICT
3 CHARTER SCHOOL.

4 (4) WITHIN NINETY DAYS AFTER THE END OF EACH FISCAL YEAR,
5 EACH QUALIFYING SCHOOL DISTRICT SHALL PROVIDE TO EACH DISTRICT
6 CHARTER SCHOOL AUTHORIZED BY THE QUALIFYING SCHOOL DISTRICT AN
7 ITEMIZED ACCOUNTING OF ALL ITS CENTRAL ADMINISTRATIVE OVERHEAD
8 COSTS. THE ACTUAL CENTRAL ADMINISTRATIVE OVERHEAD COSTS SHALL
9 BE THE AMOUNT CHARGED TO THE DISTRICT CHARTER SCHOOL. ANY
10 DIFFERENCE, WITHIN THE LIMITATIONS SPECIFIED IN SUBSECTION (3) OF
11 THIS SECTION, BETWEEN THE AMOUNT INITIALLY CHARGED TO THE
12 DISTRICT CHARTER SCHOOL AND THE ACTUAL COST SHALL BE RECONCILED
13 AND PAID TO THE OWED PARTY.

14 (5) THE DISTRICT CHARTER SCHOOL, AT ITS DISCRETION, MAY
15 CONTRACT WITH THE QUALIFYING SCHOOL DISTRICT FOR THE DIRECT
16 PURCHASE OF DISTRICT SERVICES IN ADDITION TO THOSE INCLUDED IN
17 CENTRAL ADMINISTRATIVE OVERHEAD COSTS, INCLUDING BUT NOT
18 LIMITED TO FOOD SERVICES, CUSTODIAL SERVICES, MAINTENANCE,
19 CURRICULUM, MEDIA SERVICES, AND LIBRARIES. THE AMOUNT TO BE PAID
20 BY A DISTRICT CHARTER SCHOOL IN PURCHASING ANY DISTRICT SERVICE
21 PURSUANT TO THIS SUBSECTION (5) SHALL BE DETERMINED THROUGH AN
22 AGREEMENT BETWEEN THE DISTRICT CHARTER SCHOOL AND THE
23 QUALIFYING SCHOOL DISTRICT USING ONE OF THE FOLLOWING METHODS:

24 (a) BY DIVIDING THE COST OF PROVIDING THE SERVICE FOR THE
25 ENTIRE QUALIFYING SCHOOL DISTRICT, AS SPECIFIED IN THE QUALIFYING
26 SCHOOL DISTRICT'S BUDGET, BY THE NUMBER OF STUDENTS ENROLLED IN
27 THE QUALIFYING SCHOOL DISTRICT AND MULTIPLYING SAID AMOUNT BY

1 THE NUMBER OF STUDENTS ENROLLED IN THE DISTRICT CHARTER SCHOOL;

2 (b) BY DETERMINING THE ACTUAL COSTS INCURRED BY THE
3 QUALIFYING SCHOOL DISTRICT IN PROVIDING SUPPORT SERVICES; OR

4 (c) BY NEGOTIATING A SERVICES AGREEMENT BETWEEN THE
5 DISTRICT CHARTER SCHOOL AND THE QUALIFYING SCHOOL DISTRICT
6 PURSUANT TO WHICH MULTIPLE SERVICES ARE PROVIDED FOR A FIXED
7 COST.

8 (6) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION TO
9 THE CONTRARY AND FOR THE PURPOSES OF THIS SECTION ONLY, A SCHOOL
10 DISTRICT IN WHICH MORE THAN FORTY PERCENT OF THE PUPIL
11 ENROLLMENT CONSISTS OF AT-RISK PUPILS AT THE TIME A CHARTER
12 SCHOOL'S APPLICATION IS FIRST APPROVED SHALL BE DEEMED TO HAVE
13 THE SAME PERCENTAGE OF AT-RISK PUPIL ENROLLMENT FOR THE TERM OF
14 THE CHARTER CONTRACT. FOR PURPOSES OF RENEWAL OF THE CHARTER
15 CONTRACT, THE PERCENTAGE OF AT-RISK PUPILS IN THE SCHOOL DISTRICT
16 AT THE TIME THE RENEWAL APPLICATION IS SUBMITTED SHALL BE THE
17 PERCENTAGE USED FOR PURPOSES OF DETERMINING WHETHER THE SCHOOL
18 DISTRICT IS A QUALIFYING SCHOOL DISTRICT AND SUBJECT TO THE
19 PROVISIONS OF THIS SECTION.

20 **SECTION 5. 22-30.5-112 (2) (a.8), Colorado Revised Statutes,**
21 **is amended to read:**

22 **22-30.5-112. Charter schools - financing - guidelines.**
23 **(2) (a.8) (I) For the 2000-01 budget year and budget years thereafter, the**
24 **school district shall provide federally required educational services to**
25 **students enrolled in charter schools on the same basis as such services are**
26 **provided to students enrolled in other public schools of the school district.**
27 **Each charter school shall pay an amount equal to the per pupil cost**

1 incurred by the school district in providing federally required educational
2 services, multiplied by the number of students enrolled in the charter
3 school. At either party's request, however, the charter school and the
4 school district may negotiate and include in the charter contract alternate
5 arrangements for the provision of and payment for federally required
6 educational services.

7 (II) NOTWITHSTANDING ANY PROVISION OF SUBPARAGRAPH (I) OF
8 THIS PARAGRAPH (a.8) TO THE CONTRARY, THE SCHOOL DISTRICT SHALL
9 CALCULATE THE PER PUPIL COST OF PROVIDING FEDERALLY REQUIRED
10 EDUCATIONAL SERVICES AFTER SUBTRACTING THE AMOUNT RECEIVED IN
11 FEDERAL AND STATE MONEYS FOR PROVIDING SAID SERVICES.

12 **SECTION 6. Safety clause.** The general assembly hereby finds,
13 determines, and declares that this act is necessary for the immediate
14 preservation of the public peace, health, and safety.