

**Referendum J**  
**School District Spending Requirements**

1 **Ballot Title:** Shall Colorado state law require that in each state fiscal year a school  
2 district spend at least sixty-five percent of its operational expenditures on services that  
3 directly affect student achievement?

4 **Text of Proposal:**

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

6 **SECTION 1.** Title 22, Colorado Revised Statutes, is amended BY THE  
7 ADDITION OF A NEW ARTICLE to read:

8 **ARTICLE 54.5**  
9 **Public School Expenditures Accountability Act**

10 **22-54.5-101. Short title.** THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED  
11 AS THE "PUBLIC SCHOOL EXPENDITURES ACCOUNTABILITY ACT".

12 **22-54.5-102. Legislative declaration.** (1) THE GENERAL ASSEMBLY FINDS AND  
13 DETERMINES THAT:

14 (a) COLORADO'S SCHOOL DISTRICTS HAVE THE RESPONSIBILITY TO ENSURE THAT  
15 OPERATIONAL EXPENDITURES MAXIMIZE THE QUALITY OF EACH STUDENT'S  
16 EDUCATIONAL EXPERIENCE;

17 (b) COLORADO'S PUBLIC SCHOOL STUDENTS HAVE THE RIGHT TO REALIZE THE  
18 IMMEDIATE EFFECTS OF ADDITIONAL RESOURCES, WHETHER THESE RESOURCES ARE  
19 PROVIDED THROUGH NEW OR REALLOCATED FUNDING, THAT ARE FOCUSED ON SERVICES  
20 THAT DIRECTLY AFFECT EACH STUDENT'S ACHIEVEMENT;

21 (c) TAXPAYERS, INCLUDING PARENTS AND BUSINESS OWNERS IN EACH SCHOOL  
22 DISTRICT, HAVE A RIGHT TO KNOW WHETHER THEIR TAX DOLLARS ARE BEING  
23 APPROPRIATELY BUDGETED AND SPENT BY THEIR SCHOOL DISTRICTS TO PROVIDE  
24 STUDENTS WITH AN OPPORTUNITY FOR A QUALITY EDUCATION.

25 (2) THE GENERAL ASSEMBLY THEREFORE DECLARES THAT, TO ENSURE  
26 ACCOUNTABILITY IN SCHOOL DISTRICT BUDGETING TO TAXPAYERS AND STUDENTS, IT IS  
27 NECESSARY TO REQUIRE EACH SCHOOL DISTRICT:

1 (a) TO ADOPT AN ANNUAL BUDGET REPORT IN A STANDARD FORMAT THAT  
2 PROVIDES TRANSPARENCY AND COMPARABILITY FROM DISTRICT TO DISTRICT FOR THE  
3 PURPOSE OF PUBLIC INSPECTION; AND

4 (b) TO SPEND A MINIMUM PERCENTAGE OF ITS OPERATIONAL EXPENDITURES ON  
5 SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT.

6 **22-54.5-103. Definitions.** AS USED IN THIS ARTICLE, UNLESS THE CONTEXT  
7 OTHERWISE REQUIRES:

8 (1) (a) "OPERATIONAL EXPENDITURES" MEANS ALL EXPENDITURES MADE BY A  
9 SCHOOL DISTRICT, WITH THE EXCEPTION OF THE FOLLOWING EXPENDITURES RELATED TO  
10 TYPES OF REVENUES:

11 (I) ALL MONEYS REQUIRED TO BE SET ASIDE FOR CAPITAL RESERVE AND  
12 RISK-MANAGEMENT FUNDING PURSUANT TO SECTION 22-54-105 (2);

13 (II) ALL MONEYS RECEIVED FOR CAPITAL CONSTRUCTION PURSUANT TO SECTION  
14 22-54-117 OR 22-54-124;

15 (III) ALL MONEYS TRANSFERRED TO A DISTRICT CHARTER SCHOOL PURSUANT TO  
16 SECTION 22-30.5-112;

17 (IV) ALL MONEYS RECEIVED AS A MILL LEVY OVERRIDE PURSUANT TO SECTION  
18 22-54-107.5 OR 22-54-108 THAT ARE UNRELATED TO SERVICES THAT DIRECTLY AFFECT  
19 STUDENT ACHIEVEMENT;

20 (V) ALL MONEYS SET ASIDE FOR THE SCHOOL DISTRICT'S OPERATING RESERVE  
21 FUND PURSUANT TO SECTION 22-44-106;

22 (VI) ALL MONEYS REQUIRED TO BE SET ASIDE FOR THE SCHOOL DISTRICT'S  
23 EMERGENCY RESERVE FUND PURSUANT TO SECTION 20 OF ARTICLE X OF THE STATE  
24 CONSTITUTION;

25 (VII) LOCAL REVENUES RECEIVED THROUGH LOCAL BOND ELECTIONS,  
26 INCLUDING INTEREST EARNINGS AND SPECIFIC OWNERSHIP TAXES RELATED TO BOND  
27 REDEMPTION FUNDS;

28 (VIII) BOND REDEMPTION FUNDS;

29 (IX) LOCAL, STATE, FEDERAL, AND PRIVATE FUNDS RECEIVED FOR A DESIGNATED  
30 PURPOSE THAT ARE UNRELATED TO SERVICES THAT DIRECTLY AFFECT STUDENT  
31 ACHIEVEMENT;

1 (X) ENTERPRISE FUNDS FROM PROGRAMS THAT ARE UNRELATED TO SERVICES  
2 THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT;

3 (XI) TRUST AND AGENCY FUNDS RECEIVED FOR A DESIGNATED PURPOSE; AND

4 (XII) INTERNAL SERVICE FUNDS, AS SUCH FUNDS ARE DEFINED BY GENERALLY  
5 ACCEPTED ACCOUNTING PRINCIPLES FOR GOVERNMENTS, WITH THE EXCEPTION OF  
6 PROPERTY TAX REVENUES OR ALLOCATIONS ATTRIBUTABLE TO THE GENERAL FUND  
7 PURSUANT TO SECTION 22-54-105 AND THE CORRESPONDING EXPENDITURES OF SUCH  
8 PROPERTY TAXES OR ALLOCATIONS.

9 (2) (a) "SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT" MEANS  
10 PROGRAMS AND SERVICES FUNDED BY A SCHOOL DISTRICT'S TOTAL BUDGET THAT HAVE  
11 AN IMMEDIATE EFFECT ON THE QUALITY OF A STUDENT'S EDUCATIONAL EXPERIENCE,  
12 INCLUDING BUT NOT LIMITED TO:

13 (I) SALARIES AND BENEFITS OF SCHOOL PERSONNEL WHO HOLD EDUCATOR OR  
14 OTHER PROFESSIONAL LICENSES OR CERTIFICATIONS, INCLUDING BUT NOT LIMITED TO  
15 PRINCIPALS, ASSISTANT PRINCIPALS, ACADEMIC OR DISCIPLINARY DEANS, TEACHERS,  
16 SUBSTITUTE TEACHERS, SCHOOL LIBRARIANS AND MEDIA SPECIALISTS, SCHOOL  
17 COUNSELORS, SCHOOL NURSES, SCHOOL PSYCHOLOGISTS, AND SCHOOL SOCIAL WORKERS;

18 (II) SALARIES AND BENEFITS OF SCHOOL PERSONNEL WHO DO NOT HOLD  
19 EDUCATOR OR OTHER PROFESSIONAL LICENSES OR CERTIFICATIONS, INCLUDING BUT NOT  
20 LIMITED TO PARAPROFESSIONALS, BUS DRIVERS, FOOD SERVICE EMPLOYEES, SCHOOL  
21 SUPPORT STAFF, AND ATHLETIC COACHES;

22 (III) SUPPLIES, MATERIALS, EQUIPMENT, AND TECHNOLOGY INTENDED TO SERVE  
23 AN INSTRUCTIONAL PURPOSE;

24 (IV) INSTRUCTIONAL SERVICES PURCHASED BY A SCHOOL DISTRICT FROM  
25 INDIVIDUALS OR ENTITIES OUTSIDE THE SCHOOL DISTRICT;

26 (V) INSTRUCTIONAL SERVICES PROVIDED THROUGH ENTERPRISE PROGRAMS,  
27 INCLUDING BUT NOT LIMITED TO PRESCHOOL, FULL-DAY KINDERGARTEN, BEFORE- AND  
28 AFTER-SCHOOL PROGRAMS, TUTORING, AND EXTENDED-DAY PROGRAMS;

29 (VI) EXTRACURRICULAR STUDENT ACTIVITIES, INCLUDING BUT NOT LIMITED TO  
30 ATHLETICS; AND

31 (VII) CERTAIN SUPPORT SERVICES PROVIDED AT THE SCHOOL LEVEL, INCLUDING:

1 (A) INSTRUCTIONAL SUPPORT, INCLUDING BUT NOT LIMITED TO THE  
2 COORDINATION, DELIVERY, EVALUATION, AND TECHNOLOGICAL SUPPORT OF TEACHER  
3 TRAINING AND PROFESSIONAL DEVELOPMENT, CURRICULUM DEVELOPMENT, AND  
4 STUDENT TESTING;

5 (B) STUDENT SUPPORT, INCLUDING BUT NOT LIMITED TO THE COORDINATION,  
6 DELIVERY, EVALUATION, AND TECHNOLOGICAL SUPPORT OF COLLEGE PLACEMENT  
7 SERVICES, STUDENT HEALTH CARE AND MEDICAL SERVICES, NUTRITIONAL SERVICES, AND  
8 ATTENDANCE AND OTHER STUDENT RECORD-KEEPING SERVICES;

9 (C) FOOD SERVICES FOR STUDENTS; AND

10 (D) TRANSPORTATION FOR STUDENTS.

11 (b) "SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT" DOES NOT  
12 INCLUDE:

13 (I) CENTRAL SCHOOL DISTRICT OFFICE SERVICES AND BUSINESS SERVICES,  
14 INCLUDING BUT NOT LIMITED TO ACCOUNTING, BUDGETING, PAYROLL, RECEIVING,  
15 PURCHASING, PLANNING, RECRUITING, HUMAN RESOURCES ADMINISTRATION, RISK  
16 MANAGEMENT ADMINISTRATION, AND COMMUNICATIONS;

17 (II) GENERAL SCHOOL DISTRICT ADMINISTRATION, INCLUDING BUT NOT LIMITED  
18 TO:

19 (A) SALARIES AND BENEFITS OF SCHOOL DISTRICT SUPERINTENDENTS,  
20 ASSISTANT SUPERINTENDENTS, AND OTHER PERSONNEL ASSOCIATED WITH CENTRAL  
21 SCHOOL DISTRICT OFFICE SERVICES AND BUSINESS SERVICES, AS THESE SERVICES ARE  
22 DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (b); AND

23 (B) ADMINISTRATIVE FUNCTIONS, INCLUDING BUT NOT LIMITED TO COSTS  
24 ASSOCIATED WITH SCHOOL DISTRICT DIRECTORS, LEGAL MATTERS, AUDITS, FEES PAID TO  
25 THE COUNTY TREASURER, AND ELECTIONS; OR

26 (III) OPERATIONS AND MAINTENANCE OF FACILITIES, INCLUDING BUT NOT  
27 LIMITED TO PROPERTY INSURANCE PAYMENTS; MAINTENANCE AND REPAIR OF BUILDINGS,  
28 GROUNDS, VENTILATION SYSTEMS, EQUIPMENT, AND SECURITY SYSTEMS; AND THE  
29 SALARIES AND BENEFITS OF CUSTODIAL, MAINTENANCE, AND GROUNDS PERSONNEL.

30 (3) "STATE BOARD" MEANS THE STATE BOARD OF EDUCATION.

1           **22-54.5-104. Annual budget reporting.** (1) EACH SCHOOL DISTRICT SHALL  
2 PREPARE AN ANNUAL BUDGET AS REQUIRED BY SECTION 22-44-105 AND FILE THAT  
3 BUDGET WITH THE DEPARTMENT OF EDUCATION ON OR BEFORE DECEMBER 31, 2007, AND  
4 ON OR BEFORE DECEMBER 31 EACH YEAR THEREAFTER.

5           (2) THE STATE BOARD SHALL DESIGNATE A STANDARD FORMAT FOR THE SCHOOL  
6 DISTRICTS' ANNUAL BUDGETS BY JULY 1, 2007.

7           (3) EACH SCHOOL DISTRICT SHALL ADOPT THE DESIGNATED ANNUAL BUDGET  
8 FORMAT PURSUANT TO SECTION 22-44-110. THE STANDARD FORMAT FOR THE ANNUAL  
9 BUDGET SHALL SUMMARIZE REVENUES BY REVENUE SOURCE AND SHALL SUMMARIZE  
10 EXPENDITURES BY FUNCTION, FUND, AND OBJECT AS THESE TERMS ARE DEFINED IN  
11 SECTION 22-44-102.

12           (4) THE ANNUAL BUDGET REPORT FORMAT DESIGNATED BY THE STATE BOARD  
13 SHALL BE SUBSTANTIALLY CONSISTENT FROM YEAR TO YEAR.

14           **22-54.5-105. Expenditures on student services.** (1) EXCEPT AS OTHERWISE  
15 PROVIDED IN SUBSECTION (2) OF THIS SECTION AND IN SECTION 22-54.5-106 (2), IN THE  
16 2007-08 BUDGET YEAR, AND IN EACH BUDGET YEAR THEREAFTER, EACH SCHOOL  
17 DISTRICT SHALL SPEND AT LEAST SIXTY-FIVE PERCENT OF ITS OPERATIONAL  
18 EXPENDITURES ON SERVICES THAT DIRECTLY AFFECT STUDENT  
19 ACHIEVEMENT. EXPENDITURES BY A CHARTER SCHOOL WITHIN A SCHOOL DISTRICT  
20 SHALL NOT BE CONSIDERED EXPENDITURES BY THAT SCHOOL DISTRICT.

21           (2) A SCHOOL DISTRICT MAY HOLD A PUBLIC ELECTION FOR THE PURPOSE OF  
22 DETERMINING WHETHER VOTERS IN THE SCHOOL DISTRICT WISH TO EXEMPT THE SCHOOL  
23 DISTRICT FROM THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN  
24 SUBSECTION (1) OF THIS SECTION. IF A MAJORITY OF VOTERS IN A SCHOOL DISTRICT VOTE  
25 TO EXEMPT THE SCHOOL DISTRICT FROM THE OPERATIONAL EXPENDITURES  
26 REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION, THE SCHOOL DISTRICT  
27 SHALL BE EXEMPT FROM THE OPERATIONAL EXPENDITURES REQUIREMENT.

28           (3) THE STATE BOARD SHALL ANNUALLY DETERMINE WHETHER A SCHOOL  
29 DISTRICT HAS SATISFIED THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN  
30 SUBSECTION (1) OF THIS SECTION. THE STATE BOARD SHALL BASE THIS DETERMINATION  
31 UPON THE END-OF-YEAR FINANCIAL AUDIT OF THE SCHOOL DISTRICT'S BUDGET  
32 CONDUCTED PURSUANT TO SECTION 22-32-109 (1) (k) AND NOT UPON THE ANNUAL  
33 BUDGET PREPARED BY THE SCHOOL DISTRICT PURSUANT TO SECTIONS 22-44-105 AND  
34 22-54.5-104.

1 (4) BEFORE DECEMBER 31, 2008, AND BEFORE DECEMBER 31 EACH YEAR  
2 THEREAFTER, THE STATE BOARD SHALL REPORT TO THE GENERAL ASSEMBLY A LIST OF  
3 ALL SCHOOL DISTRICTS IN THE STATE THAT:

4 (a) FAILED IN THE PRECEDING SCHOOL YEAR TO SATISFY THE OPERATIONAL  
5 EXPENDITURES REQUIREMENT SPECIFIED IN SUBSECTION (1) OF THIS SECTION; AND

6 (b) ARE NOT EXEMPT FROM THE OPERATIONAL EXPENDITURES REQUIREMENT  
7 SPECIFIED IN SUBSECTION (1) OF THIS SECTION AS A RESULT OF A LOCAL ELECTION HELD  
8 PURSUANT TO SUBSECTION (2) OF THIS SECTION OR A WAIVER ISSUED PURSUANT TO  
9 SECTION 22-54.5-106 (2) (a).

10 (5) THE GENERAL ASSEMBLY MAY IMPOSE SANCTIONS UPON A SCHOOL DISTRICT  
11 THAT FAILS TO SATISFY THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN  
12 SUBSECTION (1) OF THIS SECTION UNLESS THE SCHOOL DISTRICT IS EXEMPT FROM THE  
13 REQUIREMENT AS A RESULT OF A LOCAL ELECTION HELD PURSUANT TO SUBSECTION (2)  
14 OF THIS SECTION OR A WAIVER ISSUED PURSUANT TO SECTION 22-54.5-106 (2) (a).

15 **22-54.5-106. Enforcement - waivers - local elections.** (1) EXCEPT AS  
16 OTHERWISE PROVIDED IN SUBSECTIONS (2) AND (3) OF THIS SECTION, IF A SCHOOL  
17 DISTRICT FAILS TO SATISFY THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED  
18 IN SECTION 22-54.5-105 (1) IN THE 2007-08 BUDGET YEAR OR A BUDGET YEAR  
19 THEREAFTER, THE SCHOOL DISTRICT SHALL INCREASE ITS OPERATIONAL EXPENDITURES  
20 ON SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT BY TWO PERCENT OF ITS  
21 TOTAL OPERATIONAL EXPENDITURES EACH YEAR UNTIL THE SCHOOL DISTRICT SATISFIES  
22 THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1).

23 (2) (a) A SCHOOL DISTRICT THAT HAS FAILED TO SATISFY THE OPERATIONAL  
24 EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1) MAY APPLY TO THE  
25 STATE BOARD FOR A WAIVER, PURSUANT TO SECTION 22-2-117, EXCUSING THE SCHOOL  
26 DISTRICT FROM COMPLIANCE WITH THE OPERATIONAL EXPENDITURES REQUIREMENT.

27 (b) A SCHOOL DISTRICT THAT APPLIES FOR A WAIVER PURSUANT TO THIS  
28 SUBSECTION (2) SHALL SPECIFY IN THE APPLICATION THE MANNER IN WHICH IT SHALL  
29 COMPLY WITH THE INTENT OF THE OPERATIONAL EXPENDITURES REQUIREMENT AND  
30 SHALL BE ACCOUNTABLE TO THE STATE BOARD FOR SUCH COMPLIANCE.

31 (c) IF A SCHOOL DISTRICT THAT HAS FAILED TO MEET THE OPERATIONAL  
32 EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1) APPLIES TO THE  
33 STATE BOARD FOR A WAIVER PURSUANT TO THIS SUBSECTION (2), THE STATE BOARD  
34 MAY, PURSUANT TO SECTION 22-2-117, APPROVE A WAIVER EXCUSING THE SCHOOL  
35 DISTRICT FROM COMPLIANCE WITH THE OPERATIONAL EXPENDITURES REQUIREMENT.

1 (d) THE STATE BOARD MAY IDENTIFY CRITERIA FOR APPROVAL OR DENIAL OF A  
2 WAIVER PURSUANT TO THIS SUBSECTION (2).

3 (e) IF THE STATE BOARD GRANTS A WAIVER TO A SCHOOL DISTRICT PURSUANT  
4 TO THIS SUBSECTION (2), THE STATE BOARD MAY ORALLY NOTIFY THE SCHOOL DISTRICT  
5 OF THE DECISION TO GRANT THE WAIVER. IF THE STATE BOARD DENIES A WAIVER TO A  
6 SCHOOL DISTRICT PURSUANT TO THIS SUBSECTION (2), THE STATE BOARD SHALL NOTIFY  
7 THE SCHOOL DISTRICT IN WRITING THAT THE REQUEST HAS BEEN DENIED AND SPECIFY  
8 THE REASONS FOR THE DENIAL.

9 (f) IF THE STATE BOARD GRANTS A WAIVER TO A SCHOOL DISTRICT PURSUANT TO  
10 THIS SUBSECTION (2), THE WAIVER SHALL BE VALID FOR ONE YEAR, AFTER WHICH TIME  
11 THE SCHOOL DISTRICT SHALL EITHER:

12 (I) MEET THE OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION  
13 22-54.5-105 (1);

14 (II) REAPPLY TO THE STATE BOARD FOR ANOTHER WAIVER; OR

15 (III) BECOME EXEMPT FROM THE OPERATIONAL EXPENDITURES REQUIREMENT  
16 SPECIFIED IN SECTION 22-54.5-105 (1) AS THE RESULT OF A PUBLIC ELECTION HELD  
17 PURSUANT TO SECTION 22-54.5-105 (2).

18 (3) PURSUANT TO SECTION 22-54.5-105 (2), THE VOTERS OF A SCHOOL DISTRICT  
19 MAY, THROUGH A PUBLIC ELECTION, EXEMPT THE SCHOOL DISTRICT FROM THE  
20 OPERATIONAL EXPENDITURES REQUIREMENT SPECIFIED IN SECTION 22-54.5-105 (1).

21 **SECTION 2.** 22-44-111, Colorado Revised Statutes, is amended BY THE  
22 ADDITION OF A NEW SUBSECTION to read:

23 **22-44-111. Budget - filing.** (3) THE BOARD OF EDUCATION SHALL REPORT ITS  
24 ADOPTED BUDGET TO THE DEPARTMENT OF EDUCATION ON OR BEFORE DECEMBER 31,  
25 2007, AND ON OR BEFORE DECEMBER 31 EACH YEAR THEREAFTER, IN ACCORDANCE WITH  
26 SECTION 22-54.5-104.

27 **SECTION 3. Appropriation.** In addition to any other appropriation, there is  
28 hereby appropriated, out of any moneys in the general fund not otherwise appropriated,  
29 to the department of education, for the fiscal year beginning July 1, 2006, the sum of  
30 twenty-five thousand two hundred forty-five dollars (\$25,245) and 0.3 FTE, or so much  
31 thereof as may be necessary, for the implementation of this act.

1           **SECTION 4. Refer to people under referendum.** This act shall be submitted  
2 to a vote of the registered electors of the state of Colorado at the next biennial regular  
3 general election, for their approval or rejection, under the provisions of the referendum  
4 as provided for in section 1 of article V of the state constitution, and in article 40 of title  
5 1, Colorado Revised Statutes. Each elector voting at said election and desirous of voting  
6 for or against said act shall cast a vote as provided by law either "Yes" or "No" on the  
7 proposition: "SHALL COLORADO STATE LAW REQUIRE THAT IN EACH STATE FISCAL YEAR  
8 A SCHOOL DISTRICT SPEND AT LEAST SIXTY-FIVE PERCENT OF ITS OPERATIONAL  
9 EXPENDITURES ON SERVICES THAT DIRECTLY AFFECT STUDENT ACHIEVEMENT?" The  
10 votes cast for the adoption or rejection of said act shall be canvassed and the result  
11 determined in the manner provided by law for the canvassing of votes for representatives  
12 in Congress.