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HOUSE BILL 17-1340

BY REPRESENTATIVE(S) Lundeen and Garnett, Becker K., Bridges, Buckner, Carver, Coleman, Covarrubias, Esgar, Exum, Ginal, Gray, Hansen, Jackson, Kennedy, Kraft-Tharp, Lawrence, Lebsock, Lee, Leonard, Liston, McKean, McLachlan, Melton, Navarro, Pettersen, Rankin, Ransom, Rosenthal, Saine, Sias, Singer, Valdez, Van Winkle, Williams D., Wist, Duran;
also SENATOR(S) Hill and Moreno, Cooke, Crowder, Holbert, Jahn, Lambert, Marble, Martinez Humenik, Priola, Scott, Sonnenberg, Tate, Todd, Williams A.

CONCERNING CREATION OF A LEGISLATIVE INTERIM COMMITTEE TO STUDY SCHOOL FINANCE ISSUES, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, **add** part 19 to article 2 of title 2 as follows:

PART 19
SCHOOL FINANCE STUDY

2-2-1901. Legislative interim committee on school finance -

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

creation. (1) NOTWITHSTANDING THE PROVISIONS OF SECTION 2-3-303.3, THERE IS HEREBY CREATED THE LEGISLATIVE INTERIM COMMITTEE ON SCHOOL FINANCE, REFERRED TO IN THIS PART 19 AS THE "INTERIM COMMITTEE", TO STUDY THE ISSUES DESCRIBED IN SECTION 2-2-1902 AND CREATE A NEW SCHOOL FINANCE FUNDING FORMULA. THE INTERIM COMMITTEE WILL MEET DURING THE 2017 AND 2018 LEGISLATIVE INTERIMS. THE INTERIM COMMITTEE CONSISTS OF:

(a) FIVE MEMBERS OF THE SENATE, THREE OF WHOM THE PRESIDENT OF THE SENATE SHALL APPOINT AND TWO OF WHOM THE MINORITY LEADER OF THE SENATE SHALL APPOINT; AND

(b) FIVE MEMBERS OF THE HOUSE OF REPRESENTATIVES, THREE OF WHOM THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT AND TWO OF WHOM THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT.

(2)(a) THE APPOINTING AUTHORITIES SHALL APPOINT THE MEMBERS OF THE INTERIM COMMITTEE AS SOON AS POSSIBLE AFTER THE EFFECTIVE DATE OF THIS PART 19 BUT NO LATER THAN JULY 1, 2017. THE APPOINTING AUTHORITIES SHALL, TO THE EXTENT PRACTICABLE, ENSURE THAT THE MEMBERS OF THE INTERIM COMMITTEE REPRESENT SCHOOL DISTRICTS IN ALL AREAS OF THE STATE, INCLUDING URBAN, SUBURBAN, AND RURAL SCHOOL DISTRICTS, SCHOOL DISTRICTS OF VARYING WEALTH IN PROPERTY TAX AND OTHER LOCAL REVENUES, AND SCHOOL DISTRICTS WITH VARYING STUDENT DEMOGRAPHICS. IF A VACANCY ARISES ON THE INTERIM COMMITTEE, THE APPROPRIATE APPOINTING AUTHORITY SHALL APPOINT AN APPROPRIATE PERSON TO FILL THE VACANCY AS SOON AS POSSIBLE.

(b) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT THE CHAIR OF THE INTERIM COMMITTEE FOR THE FIRST INTERIM AND THE VICE-CHAIR OF THE INTERIM COMMITTEE FOR THE SECOND INTERIM. THE PRESIDENT OF THE SENATE SHALL APPOINT THE VICE-CHAIR OF THE INTERIM COMMITTEE FOR THE FIRST INTERIM AND THE CHAIR OF THE INTERIM COMMITTEE FOR THE SECOND INTERIM.

(3) THE CHAIR OF THE INTERIM COMMITTEE SHALL SCHEDULE THE FIRST MEETING OF THE INTERIM COMMITTEE TO BE HELD NO LATER THAN AUGUST 1, 2017. THE INTERIM COMMITTEE MAY MEET UP TO FIVE TIMES DURING EACH INTERIM.

(4) THE CHAIR AND VICE-CHAIR OF THE INTERIM COMMITTEE MAY APPOINT SUBCOMMITTEES AS NECESSARY TO PROVIDE TECHNICAL ASSISTANCE TO THE INTERIM COMMITTEE. A SUBCOMMITTEE MAY INCLUDE MEMBERS OF THE INTERIM COMMITTEE AND PERSONS WITH TECHNICAL EXPERTISE IN SCHOOL FINANCE. MEMBERS OF A SUBCOMMITTEE SERVE WITHOUT COMPENSATION AND WITHOUT REIMBURSEMENT FOR EXPENSES.

(5) THE DIRECTOR OF RESEARCH OF THE LEGISLATIVE COUNCIL AND THE DIRECTOR OF THE OFFICE OF LEGISLATIVE LEGAL SERVICES SHALL PROVIDE STAFF ASSISTANCE TO THE INTERIM COMMITTEE.

(6) THE INTERIM COMMITTEE MAY INTRODUCE UP TO A TOTAL OF FIVE BILLS, JOINT RESOLUTIONS, AND CONCURRENT RESOLUTIONS IN EACH OF THE 2018 AND 2019 LEGISLATIVE SESSIONS. BILLS THAT THE INTERIM COMMITTEE INTRODUCES ARE EXEMPT FROM THE FIVE-BILL LIMITATION SPECIFIED IN RULE 24 (b)(1)(A) OF THE JOINT RULES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES. JOINT RESOLUTIONS AND CONCURRENT RESOLUTIONS THAT THE INTERIM COMMITTEE INTRODUCES ARE EXEMPT FROM THE LIMITATIONS SET OUT IN RULE 26 (g) OF THE RULES OF THE HOUSE OF REPRESENTATIVES AND RULE 30 (f) OF THE RULES OF THE SENATE. THE INTERIM COMMITTEE IS EXEMPT FROM THE REQUIREMENT SPECIFIED IN RULE 24 (b)(1)(D) AND RULE 24A (d)(8) OF THE JOINT RULES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES AND IN SECTION 2-3-303 (1)(f), TO REPORT BILLS OR OTHER MEASURES TO THE LEGISLATIVE COUNCIL.

(7) ALL EXPENDITURES THAT THE INTERIM COMMITTEE INCURS, INCLUDING THE COST OF CONTRACTING WITH A PRIVATE ENTITY AS PROVIDED IN SECTION 2-2-1902 (3), ARE SUBJECT TO APPROVAL BY THE CHAIR OF THE INTERIM COMMITTEE AND, IF APPROVED, SHALL BE PAID BY VOUCHERS AND WARRANTS DRAWN AS PROVIDED BY LAW FROM APPROPRIATIONS MADE BY THE GENERAL ASSEMBLY FOR THE PURPOSES OF THIS PART 19.

2-2-1902. School finance study - issues - hiring consultant.

(1) THE INTERIM COMMITTEE SHALL, AT A MINIMUM, STUDY THE FOLLOWING ISSUES:

(a) THE COSTS AND BENEFITS OF THE REQUIREMENTS IMPOSED ON SCHOOL DISTRICTS AND PUBLIC SCHOOLS BY STATE AND FEDERAL LAWS;

(b) TAKING INTO ACCOUNT ALL EXISTING FEDERAL, STATE, AND LOCAL RESOURCES USED TO FUND ELEMENTARY AND SECONDARY EDUCATION, THE TOTAL AMOUNT AVAILABLE TO FUND PUBLIC EDUCATION IN EACH SCHOOL DISTRICT, IN AGGREGATE AND PER PUPIL;

(c) THE RELATIVE VALUE OF AND RETURN ON RESOURCE INVESTMENT ACROSS THE TIME FRAME OF A STUDENT'S EDUCATION CAREER;

(d) AN APPROPRIATE, ACCURATE METHOD FOR IDENTIFYING STUDENTS WHO, BECAUSE OF THEIR LIFE CIRCUMSTANCES, ARE IN GREATER NEED OF SERVICES AND SUPPORTS TO GIVE THEM OPPORTUNITIES EQUAL TO THOSE OF THEIR PEERS TO ACHIEVE THEIR ACADEMIC POTENTIAL;

(e) FUNDING EACH PUBLIC SCHOOL STUDENT THROUGH A PER-PUPIL BASIS THAT CONSISTS OF A BASE AMOUNT PLUS ADDITIONAL FUNDING ALLOCATIONS ASSOCIATED WITH PARTICULAR ATTRIBUTES OF EACH STUDENT, TO BE USED TO PROVIDE EDUCATIONAL PROGRAMS TO ADDRESS STUDENTS' PARTICULAR ATTRIBUTES, AND BASED ON THE PARTICULAR ATTRIBUTES OF EACH SCHOOL DISTRICT AS FOLLOWS:

(I) ALLOCATIONS BASED ON GRADE LEVEL AS FOLLOWS:

(A) PRESCHOOL;

(B) KINDERGARTEN;

(C) GRADES ONE THROUGH FIVE;

(D) GRADES SIX THROUGH EIGHT; AND

(E) GRADES NINE THROUGH TWELVE;

(II) ALLOCATIONS BASED ON A STUDENT'S ELIGIBILITY FOR FREE OR REDUCED-PRICE MEALS UNDER FEDERAL LAW, TAKING INTO ACCOUNT THE VARYING ELIGIBILITY LEVELS SPECIFIED IN FEDERAL LAW. IN CONSIDERING THIS ALLOCATION, THE INTERIM COMMITTEE MUST CONSIDER THE EXTENT TO WHICH A SCHOOL DISTRICT OR CHARTER SCHOOL USES THE ADDITIONAL STATE ALLOCATION AND FEDERAL MONEY, INCLUDING MONEY RECEIVED PURSUANT TO TITLE I OF THE FEDERAL "ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965", 20 U.S.C. SEC. 6301 ET SEQ., AS AMENDED, TO

PROVIDE SERVICES FOR AT-RISK PUPILS AS DEFINED IN SECTION 22-54-103, AS DEMONSTRATED BY THE SCHOOL'S LEVEL OF PERFORMANCE ON STATE ASSESSMENTS AND THE SCHOOL PERFORMANCE PLAN.

(III) ALLOCATIONS BASED ON A STUDENT'S IDENTIFICATION AS AN ENGLISH LANGUAGE LEARNER, AS DEFINED IN SECTION 22-24-103, TAKING INTO ACCOUNT A STUDENT'S EXIT FROM AN ENGLISH LANGUAGE PROFICIENCY PROGRAM;

(IV) ALLOCATIONS BASED ON A STUDENT'S IDENTIFICATION AS HAVING A SIGNIFICANT READING DEFICIENCY AND REQUIRING READING INTERVENTIONS PURSUANT TO SECTION 22-7-1205;

(V) ALLOCATIONS BASED ON A STUDENT'S STATUS AS BEING A CHILD WITH A DISABILITY AS DEFINED IN SECTION 22-20-103. THE INTERIM COMMITTEE MAY CONSIDER DIFFERENT ALLOCATION AMOUNTS WITHIN THIS CATEGORY BASED ON A STUDENT'S SPECIFIC DISABILITY.

(VI) ALLOCATIONS BASED ON A STUDENT'S PARTICIPATION IN CAREER AND TECHNICAL EDUCATION PROGRAMS OR CONCURRENT ENROLLMENT PURSUANT TO ARTICLE 35 OF TITLE 22; AND

(VII) ALLOCATIONS BASED ON SCHOOL DISTRICT ATTRIBUTES AS FOLLOWS:

(A) THE NUMBER OF STUDENTS ENROLLED IN THE SCHOOL DISTRICT;

(B) WHETHER THE SCHOOL DISTRICT IS RURAL AS DEFINED BY RULE OF THE STATE BOARD OF EDUCATION;

(C) WHETHER THE SCHOOL DISTRICT IS INCREASING OR DECREASING IN ENROLLMENT; AND

(D) THE COST OF LIVING AND PERSONNEL COSTS WITHIN THE SCHOOL DISTRICT;

(f) ELIMINATING DIRECT FUNDING FOR CATEGORICAL PROGRAMS AND INSTEAD DISTRIBUTING CATEGORICAL PROGRAM FUNDING ON A PER-PUPIL BASIS THROUGHOUT THE STATE USING ALLOCATIONS ADDED TO THE STATEWIDE PER PUPIL BASE FUNDING AMOUNT FOR EACH STUDENT WHO

IS ELIGIBLE FOR FUNDING THROUGH THE CATEGORICAL PROGRAM, WHICH ALLOCATIONS WOULD BE USED TO PROVIDE EDUCATIONAL PROGRAMS RELATED TO THE CATEGORICAL PROGRAM, INCLUDING HIGH-QUALITY EDUCATOR PROFESSIONAL DEVELOPMENT, TO ELIGIBLE STUDENTS;

(g) STRATEGIES FOR FUNDING TRANSPORTATION FOR STUDENTS ENROLLED IN ALL PUBLIC SCHOOLS IN A MANNER THAT WOULD BE INCLUDED WITHIN THE SCHOOL FINANCE FUNDING FORMULA, INCLUDING CONSIDERATION OF TOTAL MILEAGE TRAVELED ON A PER-PUPIL BASIS;

(h) ALTERNATIVE METHODS FOR COUNTING ENROLLED STUDENTS FOR PURPOSES OF PER PUPIL FUNDING;

(i) SCHOOL DISTRICT ORGANIZATION, INCLUDING CONSIDERING SCHOOL DISTRICT SIZE BASED ON PUPIL ENROLLMENT AND THE GEOGRAPHIC LOCATION OF SCHOOL DISTRICTS;

(j) THE LEVEL OF FUNDING FOR EDUCATION THAT IS AVAILABLE FROM THE LOCAL RESOURCES AVAILABLE TO EACH LOCAL EDUCATION PROVIDER AND THE AMOUNT OF LOCAL RESOURCES THAT EACH DISTRICT CHARTER SCHOOL AND EACH INSTITUTE CHARTER SCHOOL RECEIVES, INCLUDING CONSIDERATION OF:

(I) THE AMOUNT OF PROPERTY TAX REVENUE EACH SCHOOL DISTRICT ANNUALLY COLLECTS FROM THE TOTAL PROGRAM MILL LEVY AND ADDITIONAL AUTHORIZED MILL LEVIES FOR OPERATING PURPOSES, DISAGGREGATED BY RESIDENTIAL PROPERTY TAX REVENUES, BUSINESS PROPERTY TAX REVENUES, AND REVENUES FROM TAXES ON MINERAL RESOURCE EXTRACTION;

(II) STRATEGIES FOR EQUALIZING MILL LEVIES IN SCHOOL DISTRICTS AND PUBLIC SCHOOLS ACROSS THE STATE;

(III) THE METHODS AND TIMING FOR CALCULATING ASSESSED PROPERTY VALUATION RELATED TO MINERAL EXTRACTION; AND

(IV) OTHER SOURCES OF FUNDING FOR PUBLIC EDUCATION AVAILABLE TO EACH INSTITUTE CHARTER SCHOOL AND EACH SCHOOL DISTRICT, OR AVAILABLE TO SCHOOLS OF A SCHOOL DISTRICT, INCLUDING DISTRICT CHARTER SCHOOLS, INDIVIDUALLY OR BY CAMPUS, AND THE

AMOUNT RECEIVED FROM EACH SOURCE; AND

(k) THE CAPITAL CONSTRUCTION NEEDS OF EACH SCHOOL DISTRICT, DISTRICT CHARTER SCHOOL, AND INSTITUTE CHARTER SCHOOL, INCLUDING SCHOOL DISTRICTS' CAPACITY TO ISSUE BONDS AND THE RELATIONSHIP OF BONDING CAPACITY TO THE ABILITY TO OBTAIN AUTHORIZATION FOR OTHER MILL LEVIES, AND WHETHER THERE ARE AREAS OF STUDENT ENROLLMENT GROWTH OR DECLINE WITHIN THE STATE PUBLIC EDUCATION SYSTEM.

(2) BASED ON THE STUDY OF ISSUES DESCRIBED IN SUBSECTION (1) OF THIS SECTION, THE INTERIM COMMITTEE SHALL MAKE LEGISLATIVE RECOMMENDATIONS TO THE GENERAL ASSEMBLY ADDRESSING HOW TO MOST ACCURATELY MEET THE EDUCATIONAL NEEDS OF INDIVIDUAL STUDENTS THROUGH THE FUNDING OF EDUCATION IN COLORADO.

(3) SUBJECT TO AVAILABLE APPROPRIATIONS, THE INTERIM COMMITTEE SHALL ISSUE A REQUEST FOR PROPOSALS FOR A PRIVATE ENTITY TO ASSIST IN GATHERING INFORMATION AND ANALYZING THE ISSUES SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE INTERIM COMMITTEE SHALL ENTER INTO A CONTRACT WITH THE PRIVATE ENTITY BY SEPTEMBER 1, 2017. THE INTERIM COMMITTEE SHALL NOT CONTRACT WITH A PRIVATE ENTITY THAT HAS EVER PREVIOUSLY CONTRACTED WITH THE STATE OF COLORADO, OR AN AGENCY OR POLITICAL SUBDIVISION THEREOF, FOR A STUDY OR ANALYSIS OF SCHOOL FINANCE IN COLORADO.

2-2-1903. Repeal of part. THIS PART 19 IS REPEALED, EFFECTIVE JULY 1, 2019.

SECTION 2. In Colorado Revised Statutes, 22-54-114, **add** (4)(d) as follows:

22-54-114. State public school fund - repeal. (4) (d) FOR THE 2017-18 AND 2018-19 BUDGET YEARS, THE GENERAL ASSEMBLY MAY APPROPRIATE MONEY FROM THE STATE PUBLIC SCHOOL FUND TO THE LEGISLATIVE DEPARTMENT FOR THE COSTS INCURRED BY THE LEGISLATIVE INTERIM COMMITTEE ON SCHOOL FINANCE AS PROVIDED IN PART 19 OF ARTICLE 2 OF TITLE 2.

SECTION 3. Appropriation. (1) For the 2017-18 state fiscal year, \$380,869 is appropriated to the legislative department. This appropriation

is from the state public school fund created in section 22-54-114 (1), C.R.S. To implement this act, the department may use this appropriation as follows:

(a) \$374,151 for use by the legislative council, which amount is based on an assumption that the legislative council will require an additional 0.3 FTE; and

(b) \$6,718 for use by committee on legal services, which amount is based on an assumption that the committee on legal services will require an additional 0.1 FTE.

SECTION 4. 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.

Crisanta Duran
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Kevin J. Grantham
PRESIDENT OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Effie Ameen
SECRETARY OF
THE SENATE

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO