

First Regular Session
Seventy-first General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 17-0525.01 Brita Darling x2241

SENATE BILL 17-200

SENATE SPONSORSHIP

Priola, Hill, Martinez Humenik, Neville T.

HOUSE SPONSORSHIP

(None),

Senate Committees
Education

House Committees

A BILL FOR AN ACT

101 **CONCERNING RAISING ACADEMIC EXCELLENCE IN THE PUBLIC**
102 **SCHOOLS BY DISTRIBUTING UP TO ONE PERCENT OF PUBLIC**
103 **SCHOOL FUNDING BASED ON A COMPETITIVE DETERMINATION OF**
104 **ACADEMIC EXCELLENCE AMONG PEER SCHOOL DISTRICTS**
105 **COMMENCING IN THE 2018-19 BUDGET YEAR.**

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://leg.colorado.gov>.)

The bill creates the "Rewarding Excellence With Annual Redirected Dollars Act" or "REWARD Act" (program) to award

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.

SENATE
Amended 2nd Reading
March 21, 2017

excellence funding to school districts that achieve a level of success in student performance above that of their peer districts. The bill defines "school district" to include school districts and the state charter school institute (institute).

The bill directs the department of education (department) to annually identify peer school districts by categorizing all school districts as either non-rural or rural, as defined in the bill, and then group the school districts within those categories based on demographically similar student populations. Once peer school districts are identified, the department shall compare those school districts to determine which school districts outperform their peer school districts using objective measures of student performance. The bill includes eligibility criteria for participation in the program.

The department shall annually award excellence funding to the top 10 highest-performing non-rural school districts and to the top 10 highest-performing rural school districts, for a total of 20 districts.

The program is funded by redirecting 1% of statewide total program funding, after application of the negative factor, for the applicable budget year. The department shall reduce the state's share of total program funding for the applicable budget year by the amount of excellence funding, proportionately reducing each school district's state share of total program funding.

The department shall distribute 35% of the excellence funding to the top 20 highest-performing school districts in equal shares, and the remaining 65% of excellence funding to those school districts on a per-pupil basis. School districts, including the institute, shall transfer to a district charter school or an institute charter school 100% of the charter school's per-pupil allocation of the total amount of excellence funding received by the school district or the institute.

The program is implemented beginning in the 2018-19 budget year, and excellence funding is based on the school districts' student performance in the budget year immediately preceding the applicable budget year.

The department shall reduce the amount of excellence funding by the department's reasonable and necessary direct costs incurred in implementing the program.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 22-54-139 as
3 follows:

4 **22-54-139. Excellence funding - rewarding excellence program**

1 **- creation - fund - short title - legislative declaration - definitions.**

2 (1) THE SHORT TITLE OF THIS SECTION IS THE "REWARDING EXCELLENCE
3 WITH ANNUAL REDIRECTED DOLLARS ACT" OR "REWARD ACT".

4 (2) (a) THE GENERAL ASSEMBLY FINDS THAT:

5 (I) A HIGHLY EFFECTIVE EDUCATION SYSTEM IS THE CORNERSTONE
6 OF SOCIETY. IF COLORADO'S STUDENTS DO NOT ACHIEVE THEIR FULL
7 POTENTIAL IN THE STATE'S ELEMENTARY AND SECONDARY EDUCATION
8 SYSTEM, COLORADO'S LONG-TERM ECONOMY AND QUALITY OF LIFE WILL
9 DECLINE.

10 (II) MANY OF COLORADO'S STUDENTS ARE NOT MEETING THEIR
11 FULL POTENTIAL. COLORADO'S STUDENT ACADEMIC ACHIEVEMENT IS
12 GENERALLY MEDIOCRE. ACCORDING TO THE DEPARTMENT OF EDUCATION,
13 IN 2016 ONLY THIRTY PERCENT OF FIFTH-GRADE STUDENTS AND NINETEEN
14 PERCENT OF EIGHTH-GRADE STUDENTS MET THE STATE STANDARDS FOR
15 MATH PROFICIENCY. IN ENGLISH LANGUAGE ARTS, ONLY FORTY PERCENT
16 OF FIFTH-GRADE AND EIGHTH-GRADE STUDENTS MET STATE PROFICIENCY
17 STANDARDS.

18 (III) IN ADDITION, DESPITE INVESTING OVER ONE HUNDRED
19 THOUSAND DOLLARS OF LOCAL, STATE, AND FEDERAL MONEY PER
20 STUDENT DURING A STUDENT'S PUBLIC SCHOOL EDUCATION, TWO-THIRDS
21 OF HIGH SCHOOL STUDENTS GRADUATE BELOW TWELFTH-GRADE
22 PROFICIENCY LEVELS. FURTHER, ONLY TWENTY-FIVE PERCENT OF
23 COLORADO'S STUDENTS MEET COLLEGE AND CAREER READINESS
24 BENCHMARKS WHEN THEY LEAVE HIGH SCHOOL.

25 (IV) NATIONALLY, COLORADO DOES NOT FARE MUCH BETTER,
26 HAVING THE SECOND-HIGHEST ACHIEVEMENT GAP BETWEEN WHITE AND
27 HISPANIC STUDENTS IN FOURTH-GRADE MATH PROFICIENCY, AND, AT

1 SEVENTY-SEVEN PERCENT, A HIGH SCHOOL GRADUATION RATE THAT IS
2 BELOW THE NATIONAL AVERAGE GRADUATION RATE OF EIGHTY-THREE
3 PERCENT IN 2015.

4 (V) MOREOVER, AS A NATION, WE ARE NOT LIVING UP TO OUR
5 POTENTIAL. IN 2015, OUT OF SEVENTY-THREE COUNTRIES PARTICIPATING
6 IN INTERNATIONAL TESTING, THE UNITED STATES RANKED FORTIETH IN
7 MATH, TWENTY-FIFTH IN SCIENCE, AND TWENTY-FOURTH IN READING.

8 (VI) WHILE THERE IS ROOM FOR IMPROVEMENT, SCHOOL FUNDING
9 LEVELS IN COLORADO DO NOT ACCOUNT FOR MEDIOCRE RESULTS.
10 COLORADO'S MEDIAN SCHOOL FUNDING, INCLUDING STATE, LOCAL, AND
11 FEDERAL SPENDING, IS MORE THAN \$10,200 PER PUPIL, AND MANY SCHOOL
12 DISTRICTS ARE ACHIEVING ABOVE-AVERAGE RESULTS WHILE FACING THE
13 SAME FUNDING CONSTRAINTS AS OTHER SCHOOL DISTRICTS;

14 (VII) THE TWENTY-FIRST-CENTURY WORLD REQUIRES A
15 KNOWLEDGE-BASED ECONOMY AND A WORLD-CLASS, EFFECTIVE STATE
16 EDUCATION SYSTEM THAT COMPETES TO SUCCEED;

17 (VIII) COLORADO MUST BREAK THE MOLD AND EMPLOY CREATIVE
18 METHODS OF CLOSING THE ACHIEVEMENT GAP WITHIN EXISTING FUNDING;
19 AND

20 (IX) COMPETITION IS GOOD IN A MARKET ECONOMY. FROM THE
21 BUSINESS WORLD TO THE SPORTS WORLD, COMPETITION LIFTS THE
22 PERFORMANCE OF ALL INVOLVED AND CAN LIFT THE ACADEMIC
23 PERFORMANCE OF ALL CHILDREN AND ALL SCHOOL DISTRICTS.

24 (b) THEREFORE, THE GENERAL ASSEMBLY DECLARES THAT
25 INCENTIVIZING EXCELLENCE THROUGH STATE FUNDING FOR PUBLIC
26 SCHOOLS ALLOWS THE STATE TO REWARD THOSE SCHOOL DISTRICTS THAT
27 ARE BREAKING THE MOLD AND STRIVING TO ACHIEVE EXCELLENCE

1 BEYOND THEIR PEERS.

2 (3) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
3 REQUIRES:

4 (a) "ELIGIBLE DISTRICT" MEANS A DISTRICT OR THE STATE
5 CHARTER SCHOOL INSTITUTE THAT MEETS THE ELIGIBILITY REQUIREMENTS
6 SPECIFIED IN SUBSECTION (5) OF THIS SECTION.

7 (b) "RURAL DISTRICT" MEANS A SCHOOL DISTRICT THAT THE
8 DEPARTMENT OF EDUCATION IDENTIFIES AS A SMALL RURAL DISTRICT
9 BASED ON THE GEOGRAPHIC SIZE OF THE SCHOOL DISTRICT AND THE
10 DISTANCE OF THE SCHOOL DISTRICT FROM THE NEAREST LARGE,
11 URBANIZED AREA, AND THAT ENROLLS FEWER THAN ONE THOUSAND
12 STUDENTS IN KINDERGARTEN THROUGH TWELFTH GRADE.

13 (4) (a) THE DEPARTMENT OF EDUCATION SHALL CREATE AND
14 IMPLEMENT THE REWARDING EXCELLENCE PROGRAM TO AWARD
15 EXCELLENCE FUNDING TO ELIGIBLE DISTRICTS THAT ACHIEVE A LEVEL OF
16 SUCCESS IN STUDENT PERFORMANCE ABOVE THAT OF THEIR PEER
17 DISTRICTS. TO IDENTIFY EXCELLENT PERFORMANCE, THE DEPARTMENT OF
18 EDUCATION, IN CONJUNCTION WITH THE TECHNICAL ADVISORY PANEL
19 CREATED IN SECTION 22-11-202, SHALL:

20 (I) ANNUALLY IDENTIFY PEER DISTRICTS BY CATEGORIZING
21 ELIGIBLE DISTRICTS AS EITHER RURAL OR NON-RURAL, AND, WITHIN THOSE
22 TWO CATEGORIES, GROUPING DISTRICTS THAT HAVE DEMOGRAPHICALLY
23 SIMILAR STUDENT POPULATIONS, TAKING INTO ACCOUNT, AT A MINIMUM,
24 THE DISTRICT PERCENTAGE OF AT-RISK PUPILS; AND

25 (II) COMPARE ELIGIBLE DISTRICTS WITHIN SIMILAR DEMOGRAPHIC
26 GROUPS USING OBJECTIVE MEASURES OF STUDENT PERFORMANCE BASED
27 ON DATA FROM STATE ASSESSMENTS, INCLUDING TENTH- AND

1 ELEVENTH-GRADE ASSESSMENTS, ADMINISTERED PURSUANT TO SECTION
2 22-7-1006.3 DURING THE BUDGET YEAR IMMEDIATELY PRECEDING THE
3 BUDGET YEAR FOR WHICH EXCELLENCE FUNDING IS AWARDED. THE
4 DEPARTMENT SHALL ANNUALLY DETERMINE THE OBJECTIVE MEASURES OF
5 STUDENT PERFORMANCE, WHICH MEASURES MAY INCLUDE BUT ARE NOT
6 LIMITED TO THE PERFORMANCE MEASURES DESCRIBED IN SECTION
7 22-11-204.

8 (b) THE DISTRICTS THAT RECEIVE EXCELLENCE FUNDING IN A
9 BUDGET YEAR ARE THE SIX HIGHEST-PERFORMING ELIGIBLE DISTRICTS
10 COMPARED TO THEIR DEMOGRAPHIC PEERS IN EACH CATEGORY, RURAL
11 AND NON-RURAL, FOR A TOTAL OF TWELVE DISTRICTS ANNUALLY.

12 (5) TO BE ELIGIBLE FOR EXCELLENCE FUNDING, A DISTRICT MUST:

13 (a) HOLD ONE OF THE FOLLOWING ACCREDITATION RATINGS
14 PURSUANT TO SECTION 22-11-207:

15 (I) ACCREDITED WITH DISTINCTION;

16 (II) ACCREDITED;

17 (III) ACCREDITED WITH IMPROVEMENT PLAN;

18 (IV) ACCREDITED WITH PRIORITY IMPROVEMENT PLAN; OR

19 (V) ACCREDITED WITH TURNAROUND PLAN; AND

20 (b) HAVE AT LEAST A NINETY-FIVE PERCENT STUDENT
21 PARTICIPATION RATE ON THE STATE ASSESSMENTS, INCLUDING THE TENTH-
22 AND ELEVENTH-GRADE ASSESSMENTS, ADMINISTERED PURSUANT TO
23 SECTION 22-7-1006.3 DURING THE BUDGET YEAR IMMEDIATELY
24 PRECEDING THE BUDGET YEAR FOR WHICH EXCELLENCE FUNDING IS
25 AWARDED.

26 (6) (a) EXCEPT AS PROVIDED IN SUBSECTION (7) OF THIS SECTION,
27 BEGINNING WITH THE 2018-19 BUDGET YEAR, AND EACH BUDGET YEAR

1 THEREAFTER, THE DEPARTMENT SHALL AWARD TO THE TWELVE
2 HIGHEST-PERFORMING ELIGIBLE DISTRICTS IDENTIFIED PURSUANT TO
3 SUBSECTION (4) OF THIS SECTION THE AMOUNT OF EXCELLENCE FUNDING
4 CALCULATED PURSUANT TO SECTION 22-54-104 (7) FOR THE APPLICABLE
5 BUDGET YEAR, AS FOLLOWS:

6 (I) FIFTEEN PERCENT DISTRIBUTED IN EQUAL SHARES TO EACH
7 IDENTIFIED ELIGIBLE DISTRICT; AND

8 (II) EIGHTY-FIVE PERCENT DISTRIBUTED ON A PER-PUPIL BASIS TO
9 EACH IDENTIFIED ELIGIBLE DISTRICT BASED ON THE DISTRICT'S FUNDED
10 PUPIL COUNT.

11 (b) EACH DISTRICT, INCLUDING THE STATE CHARTER SCHOOL
12 INSTITUTE, SHALL DISTRIBUTE TO EACH DISTRICT CHARTER SCHOOL OR
13 EACH INSTITUTE CHARTER SCHOOL ONE HUNDRED PERCENT OF THE
14 DISTRICT CHARTER SCHOOL'S OR INSTITUTE CHARTER SCHOOL'S PER-PUPIL
15 ALLOCATION OF THE TOTAL AMOUNT OF EXCELLENCE FUNDING RECEIVED
16 BY THE DISTRICT OR THE STATE CHARTER SCHOOL INSTITUTE PURSUANT TO
17 THIS SECTION.

18 (7) THE DEPARTMENT SHALL REDUCE THE AMOUNT OF
19 EXCELLENCE FUNDING AWARDED PURSUANT TO SUBSECTION (6) OF THIS
20 SECTION BY THE AMOUNT OF THE DEPARTMENT'S REASONABLE AND
21 NECESSARY DIRECT COSTS INCURRED IN IMPLEMENTING THE REWARDING
22 EXCELLENCE PROGRAM CREATED IN THIS SECTION.

23 **SECTION 2.** In Colorado Revised Statutes, 22-54-104, **add** (7)
24 as follows:

25 **22-54-104. District total program - definitions.** (7) FOR THE
26 2018-19 BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER, THE
27 DEPARTMENT OF EDUCATION SHALL REDUCE THE AMOUNT OF THE STATE'S

1 SHARE OF STATEWIDE TOTAL PROGRAM FUNDING FOR THE APPLICABLE
2 BUDGET YEAR BY AN AMOUNT EQUAL TO ONE PERCENT OF THE ACTUAL
3 STATEWIDE TOTAL PROGRAM FUNDING, AS DEFINED IN SUBSECTION
4 (5)(g)(VII)(A) OF THIS SECTION, FOR THE APPLICABLE BUDGET YEAR. THE
5 DEPARTMENT OF EDUCATION SHALL DISTRIBUTE THE REDUCTION AMOUNT
6 AS EXCELLENCE FUNDING TO THE HIGHEST-PERFORMING DISTRICTS
7 THROUGH THE REWARDING EXCELLENCE PROGRAM CREATED IN SECTION
8 22-54-139.

9 (b) THE DEPARTMENT OF EDUCATION SHALL PROPORTIONATELY
10 REDUCE THE STATE'S SHARE OF EACH DISTRICT'S TOTAL PROGRAM
11 FUNDING FOR THE APPLICABLE BUDGET YEAR TO REFLECT THE AMOUNT OF
12 THE STATE'S SHARE OF TOTAL PROGRAM FUNDING REMAINING AFTER THE
13 APPLICATION OF THIS SUBSECTION (7).

14 **SECTION 3.** In Colorado Revised Statutes, 22-54-106, **amend**
15 (1)(b)(I); and **add** (1)(b)(III) as follows:

16 **22-54-106. Local and state shares of district total program.**

17 (1) (b) (I) Except as provided in ~~subsections (11) and (12)~~ SUBSECTIONS
18 (1)(b)(III), (11), AND (12) of this section, the state's share of a district's
19 total program is the difference between the district's total program and the
20 district's share of its total program.

21 (III) FOR THE 2018-19 BUDGET YEAR AND EACH BUDGET YEAR
22 THEREAFTER, THE STATE'S SHARE OF A DISTRICT'S TOTAL PROGRAM IS
23 REDUCED AS PROVIDED IN SECTION 22-54-104 (7).

24 **SECTION 4. Act subject to petition - effective date.** This act
25 takes effect at 12:01 a.m. on the day following the expiration of the
26 ninety-day period after final adjournment of the general assembly (August
27 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a

1 referendum petition is filed pursuant to section 1 (3) of article V of the
2 state constitution against this act or an item, section, or part of this act
3 within such period, then the act, item, section, or part will not take effect
4 unless approved by the people at the general election to be held in
5 November 2018 and, in such case, will take effect on the date of the
6 official declaration of the vote thereon by the governor.