CUSTOMER-FOCUSED

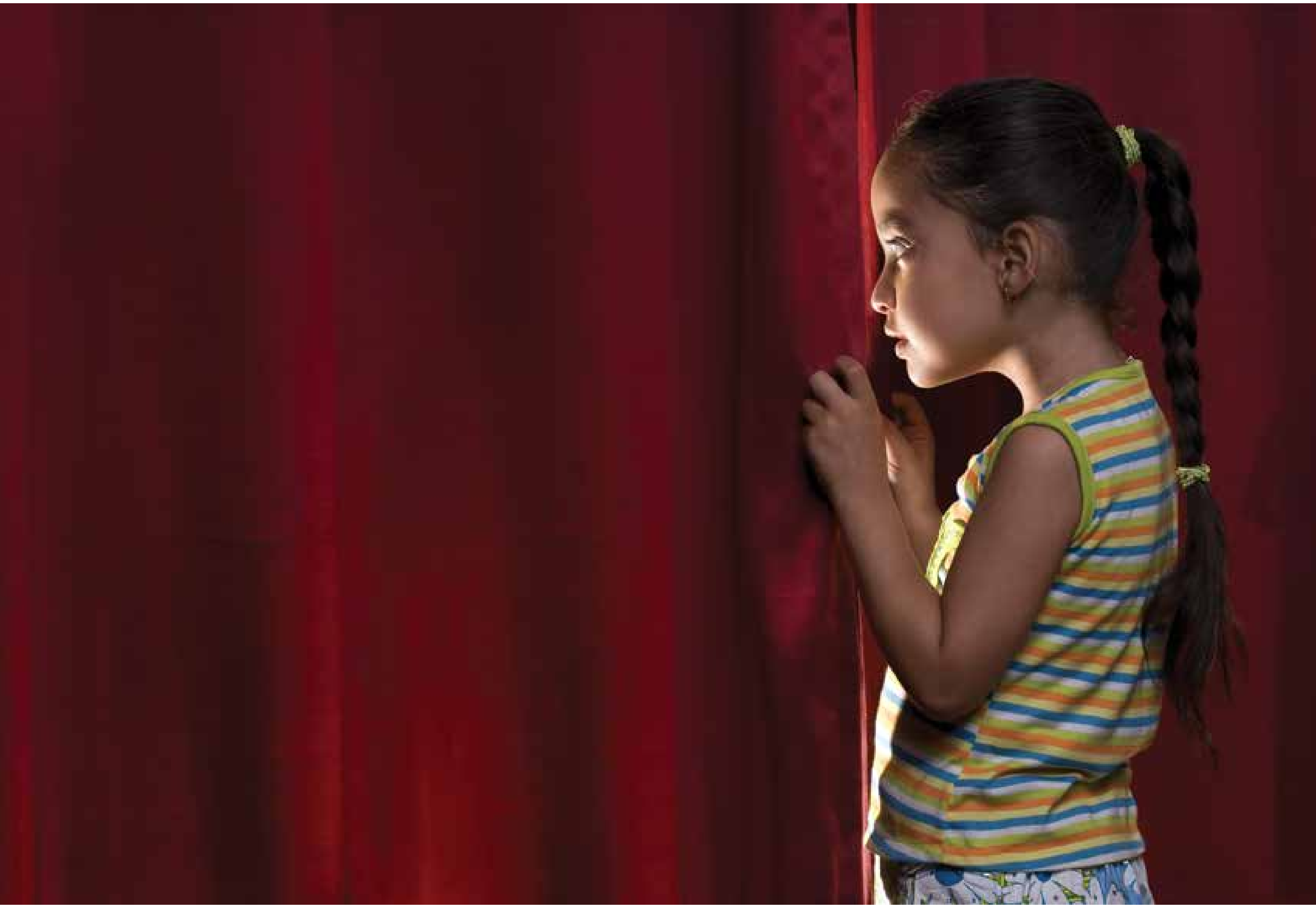
ACCOUNTABILITY

TRANSPARENCY

RETURN ON INVESTMENT

CHOICE & INNOVATION

PULLING BACK THE CURTAIN



AMERICA SUCCEEDS

HOW COLORADO'S TRANSPARENCY LAW SHEDS NEW LIGHT ON SCHOOL FUNDING

ABOUT AMERICA SUCCEEDS

America Succeeds works to ensure our nation's public education system prepares every student to succeed in a competitive global economy. Our mission is to elevate and expand America's business voice for the dramatic and continuous improvement of public education. We believe:

- Education is the single most important influence on an individual child's success and the overall health and vibrancy of our communities and economies
- The most important changes in education are occurring through policies adopted at the state level
- Business leaders have a unique and valuable perspective to bring to the education policy discussion occurring in every state across the country
- There is an economic imperative for business leaders to engage in education policy dialogues and debates
- The long-term success of our economy, our nation's competitive advantage, and our national security require improving educational outcomes

Simply put, we believe great schools are good business.

AMERICA SUCCEEDS

1390 Lawrence Street, Suite 200 | Denver, Colorado 80204
303.623.2356 | AmericaSucceeds.Org

About this report

In this report, *Pulling Back the Curtain: How Colorado's transparency law sheds new light on school funding*, we chronicle the evolution and enactment of a signature piece of education policy that unveils how money is being spent at every public school. The measure provides unprecedented access to school-level financial data, such as line item budgets and expenditures. By overlaying this new level of financial detail with academic performance data, we can finally see how effectively schools are, or are not, utilizing their available resources.

Colorado policymakers and education advocates created this common sense policy to allow everyone— educators, parents, and community members—to see how public money is being spent, measure return on investment, and scale successful programs. This report provides an in-depth account of that coalition building, advocacy, and policymaking process.

Here, we share what we've learned and encourage others to push for easy access to critical school data in every state. While the politics may vary from place to place, the principal need for transparency and accountability in school funding and performance is universal.

About the author

Alan Gottlieb is a Colorado-based writer, editor, journalist, communications consultant, and nonprofit entrepreneur, with 20 years of experience in education policy and education journalism. Alan is owner of Write.Edit.Think,. LLC, an independent communications consulting firm.

TABLE OF CONTENTS

AMERICA SUCCEEDS

CUSTOMER-FOCUSED

ACCOUNTABILITY

TRANSPARENCY

RETURN ON INVESTMENT

CHOICE & INNOVATION

1390 Lawrence Street, Suite 200
Denver, Colorado 80204
303.623.2356
AmericaSucceeds.Org

EXECUTIVE SUMMARY

It's mind-boggling that school districts in Colorado (and other states, for that matter) have never, until now, been required under law to report detailed financial information at the school level. Such information would allow school-based educators, parents, and community members to see how public money is being spent, measure return on investment, and scale successful programs. Instead, information has been lumped together at the district level in ways that make it impossible to gain a clear picture of where dollars actually go and hides valuable information about which investments are providing the biggest bang for the buck.

But a groundbreaking law passed in Colorado in 2014 is about to change that. House Bill 14-1292, better known as the Student Success Act, passed with bipartisan support. It does many things, including increase funding for Colorado schools, particularly for at-risk students and English language learners. It also adds significant money to charter school facilities.

Most important, however, are the financial transparency requirements embedded in the law. Under the Student Success Act, parents, school leaders, teachers, education advocates, businesspeople, and anyone else who is interested will be able, for the first time, to examine detailed financial data about school districts, down to the school level.

No other state has passed a financial transparency law with such clear and deep requirements for public reporting. America Succeeds is especially excited about this legislation because it touches on our five core principles:

CUSTOMER-FOCUSED: Putting students first in all policies and practices

ACCOUNTABILITY: Assigning direct responsibility for educational outcomes

TRANSPARENCY: Public access to detailed financial and performance data

RETURN ON INVESTMENT: Systemically measuring dollars spent against student success

CHOICE & INNOVATION: Parents and student choose the best learning environment

We hope other states can learn from what Colorado has accomplished, and will move to enshrine similar financial transparency requirements into state law. This report lays out how Colorado lined up bipartisan support for financial transparency and, with a strong push from education reform groups and Governor John Hickenlooper, got the Student Success Act signed into law.

It's our hope that the information contained here can help advocates and legislators in other states push for similar financial transparency.

Arguments for financial transparency

To keep financial transparency components in the Student Success Act and to get that law passed, proponents had to craft arguments that appealed to both conservative and liberal legislators:

Transparency would appeal to conservatives, they believed, because it would shine a bright light on how taxpayer dollars are spent on schools, revealing previously hidden irregularities and inefficiencies. Further, it would allow citizens to analyze return on investment at the school level—which schools and programs get the most bang for their bucks. It would also provide taxpayers the opportunity to see clearly, likely for the first time, how their mill levy, bond, income, and property tax dollars were actually being spent in schools. Critically, these legislators believed that this information would highlight wasteful government spending.

And liberals would like it because it would answer, once and for all, a longstanding equity question: whether schools with more affluent student populations within a given district were, in fact, receiving more dollars than their poorer counterparts. In other words, a well-designed financial reporting system would shine a bright light on funding inequities. These legislators believed that this information would highlight areas where additional government spending could positively impact students.

If executed properly, a well-run financial transparency system will ensure both groups of legislators achieve their goals.

What's in the Colorado law

You'll find a full description of the financial transparency components of the Student Success Act in the full report. But here are the highlights:

1. Effective with the signing of the bill into law, all districts, the Charter School Institute, and all charter schools authorized by school districts must use an updated and improved "standard chart of accounts" to report financial and human resource information to the state.

    a. The system must make it possible to collect "comparable data by program and school site." This is significant because it allows apples-to-apples comparison of schools within districts and among districts.

2. By July 1, 2017, a new website must go live that contains detailed financial information on all Colorado school districts.

3. Financial data on the state site must include expenditures from every "major category" specified in the chart of accounts, and must drill down to the school level.

4. The information on the state website must be "in a format that is readable by a layperson." The contractor must work with state officials to ensure the greatest possible degree of "clarity and comparability by laypersons."

5. Charter schools at long last get some information that until now districts have been able to keep hidden:

    a. Districts must provide to charters an itemized accounting "of all special education costs that the school district incurred" for each school for that budget year. Further, the district must provide "the basis of any per pupil charges for special education" that the district levied against the charter school.

    b. Districts must report to the state and the state must issue each year a report detailing how much each school district is authorized to collect in mill levy override funds. The report must specify how each district distributes these funds to its schools, including charters.

6. Data that must be included for each district, district school, and charter school (new components effective with passage of Student Success Act):

    a. Actual expenditures at the district and school site level

    b. Including "but not limited to" actual salary and actual benefit expenditures by job category specified in the standard chart of accounts

    c. This does NOT include individual salaries

    d. It also does NOT include benefits broken out by type. This means the Colorado Public Employee Retirement Association's (PERA) pension costs are not separated from health and other benefit costs. This is the biggest trade-off transparency supporters had to make to get the bill passed and an area that other states can improve upon.

We hope other states can learn from what Colorado has accomplished, and will move to enshrine similar financial transparency requirements into state law.

EXECUTIVE SUMMARY *continued*

How the full report is organized

This report has five sections:

1. The arguments for financial transparency
2. Detailed information on what the law requires, including timelines
    a. Information on important components that opponents were able to remove before the law was passed
3. Critical steps for passage:
    a. Finding credible, bipartisan legislative leadership
    b. Crafting the case for transparency for different audiences:
        i. Democrats
        ii. Republicans
    c. Sweetening the pot with additional funding, other components
        i. Negative factor reduction
        ii. Additional funds for ELL, at-risk students
        iii. Charter schools capital construction funding
        iv. District reporting requirements on charter school mill levy funds, special education charges
    d. Building a coalition in a tough political environment
4. Making sure the state website is user friendly
5. Conclusion: This can and should be done in other states, but political realities may require different strategies.

Ultimately, every state is different. In each, individuals with their own particular attributes and foibles have their hands on the levers of power. There are all different mixes of Democrats, Republicans, business leaders, community organizing groups, lobbyists, and citizens. So there is no cookie-cutter method for getting financial transparency passed into law.

Ultimately, every state is different. In each, individuals with their own particular attributes and foibles have their hands on the levers of power.

The report that follows, therefore, is not a step-by-step recipe that if followed will lead to a sure-fire legislative victory for financial transparency. Rather, it's the story of how one state combined exquisite timing (a year later and this never would have passed), the right mix of personalities, and the right mix of carrots and sticks to achieve an outcome that, while not perfect, was better than many had dared hope at the outset.

Education reformers in other states will have to figure out how to take Colorado's lessons and apply them to the unique circumstances in their own state. We wish you good fortune, and stand by ready to help in any way we can.

INTRODUCTION

Each local education provider shall post in a format that can be downloaded and sorted, for free public access, the local education provider's actual expenditures, including but not limited to actual salary expenditures and actual benefit expenditures reported by job category specified in the standard chart of accounts, at the local education provider level and at the school-site level.

Parse the bland legislative language in the sentence above and you will find a simple proposition. Parents and the general public have a right to detailed, easily understood information on how public money is being spent on schools.

Common sense would seem to dictate that most everyone would support taking the current, opaque financial reporting requirements for school districts and their individual schools and transforming them into a fully transparent and standardized system, easily understood by the average parent and actionable for school leaders.

But in politics and policymaking, common sense at times takes a back seat to the demands of special interests, personal agendas, and fear of the unknown. That's why what happened during Colorado's 2014 legislative session qualifies as a minor miracle. A robust new financial transparency system was signed into law, with bipartisan support. No other state has such stringent financial transparency reporting requirements that go down to the school level and inform a user-friendly online resource.

The bill's sponsors and backers had to make some tradeoffs to get the deal done, and they had to package transparency as part of a more sweeping bill filled with financial sweeteners. Still, the financial transparency component is revolutionary in the kinds of detailed data it puts into the hands of the general public. It's a revolution America Succeeds believes could and should spread to other states.

It's mind-boggling that school districts in Colorado (and other states, for that matter) have never, until now, been required under law to report detailed financial information at the school level. Such information would allow school-based educators, parents, and community members to see how public money is being spent, measure return on investment, and scale successful programs. Instead, information has been lumped together in ways that make it impossible to gain a clear picture of where dollars actually go and hides valuable information about which investments are providing the biggest bang for the buck.

House Bill 10-1036, passed in 2010, mandated some public, online financial reporting by school districts. But in many cases, the information was voluminous (huge spreadsheets and check registers), impenetrable, and decidedly not user-friendly. It also did not drill down to the school-site level and was implemented differently in nearly every district.

"It was horrible; useless to taxpayers and burdensome for educators," said Luke Ragland, Vice President of Colorado Succeeds and a key advocate for the financial transparency components of the Student Success Act. "The information posted by districts meant nothing to almost anyone."

Under the new system, the Colorado Department of Education must, by July 1, 2017, bring online a comprehensive, user-friendly website that allows people to examine detailed financial data for all Colorado districts and schools. It will provide parents, advocates, and policymakers with a treasure-trove of previously unavailable information.

Here is how State Senator Mike Johnston, a Denver Democrat who helped drive the legislation, explains why better legislation was necessary:

Let's say, for argument's sake, that per pupil operating revenue to a district totals $7,000. In other words, each student brings roughly $7,000 in funding into his or her school. Further, let's say there are 30 students per classroom. That means $210,000

While financial transparency represented a key component of the new law, it also contained provisions attractive to skeptics of transparency on both sides of the aisle.

comes into each classroom. Let's assume teacher pay and benefits total $100,000 (which in many cases may be on the high end). Where does the other $110,000 go?

The simple answer: Into a black box.

"When I was a high school principal (in the Mapleton school district north of Denver), my school's budget was $4.3 million," Johnston said. "Only $60,000 of that was under my control. That allowed me to make bold decisions like whether to buy red or blue pencils."

What was especially frustrating, Johnston added, was that he couldn't see in any detailed way how over $4 million earmarked for his school was being spent. Some of it went to essential services like transportation and special education. But how and where other chunks were spent was nearly impossible to ascertain.

"If I knew, for example, that I was spending $500 per kid to support the district's human resources department, well, I'd be happy to read resumes myself and keep a lot of that money here at the school," Johnston said. "But that information wasn't available to me."

The piece of legislation that includes the robust financial transparency provisions is House Bill 14-1292, better known as the Student Success Act. Governor John Hickenlooper signed it into law on May 21, 2014. While financial transparency represented a key component of the new law, it also contained provisions attractive to skeptics of transparency on both sides of the aisle. Among them:

- Financial sweeteners for school districts, including restoring some cuts made during the Great Recession, as well as more funding for English language learners and low-income students;
- More capital construction funding for charter schools;

"The theory was we needed some of those things to serve as dessert to go with the peas," (the peas being financial transparency), said Damion LeeNatali, Johnston's then chief of staff, and a key architect of the transparency provisions.

How LeeNatali and a team of lobbyists, legislators, and advocates balanced that legislative meal to make it at least somewhat palatable to people with different political tastes is a tale worth telling.

WHY DOES FINANCIAL TRANSPARENCY MATTER?

As Senator Johnston's chief of staff, Damion LeeNatali helped craft the Student Success Act and steer it to passage. He said the idea for a more transparent system of financial reporting came to him during his Teach For America service in a Denver alternative school from 2007 to 2009. Like Johnston, he was mystified by the impenetrable ways money flowed, or didn't flow, to his school, the Contemporary Learning Academy.

"Every teacher has this kind of anecdote; it's part of the craziness of public education," LeeNatali said. "The number of copies you can make is rationed. There's no money for field trips. And then suddenly, late in the year, or even at random points during the year, the principal comes to you and says, 'we have $30,000 that must be spent right away or we lose it. What do you need?' It seemed crazy to me, to have no money for so much of the year and then suddenly huge money comes in and a lot of it goes to waste."

Someday, LeeNatali vowed to himself, he was going to help change that. Parents and educators had a right to know, to a granular level of detail if they so desired, how school districts apportioned money to their schools.

In late 2013, Johnston and his staff were still smarting from the resounding November defeat of Amendment 66, a ballot initiative campaign that would have pumped an additional $1 billion per year into education coffers, and radically overhauled, through related Senate Bill 13-213, how that money was spent.

During the 2014 legislative session, Johnston and his team were determined to resurrect portions of SB 13-213, among them the financial transparency component. Transparency, they reasoned, would help sell some relatively modest funding increases by appealing to both more conservative and more liberal legislators.

Transparency would appeal to conservatives, they believed, because it would shine a bright light on how taxpayer dollars are spent on schools, revealing previously hidden irregularities and inefficiencies. Further, it would allow citizens to analyze return on investment at the school level—which schools and programs get the most bang for their bucks. It would also provide taxpayers the opportunity to see clearly, likely for the first time, how their mill levy, bond, income, and property tax dollars were actually being spent in schools. Critically, these legislators believed that this information would highlight wasteful government spending.

And liberals would like it because it would answer, once and for all, a longstanding equity question: whether schools with more affluent student populations within a given district were, in fact, receiving more dollars than their poorer counterparts. In other words, a well-designed financial reporting system would shine a bright light on funding inequities. These legislators believed that this information would highlight areas where additional government spending could positively impact students.

But winning bipartisan support proved to be a complicated undertaking. A shift in the political landscape that began in late 2013 accelerated in 2014, making passage of the Student Success Act more difficult than anyone initially imagined. Several lobbyists said similar legislation would have had no chance of passing in 2015, so dramatically had the political ground shifted in a short time.

Colorado conservatives increasingly turned their education focus from reform to local control. A big new state initiative like transparency that forced districts to revamp and standardize their financial reporting systems seemed an unfair burden and a case of state overreach into district business.

And some more liberal legislators were worried that education reformers would use transparency as a cudgel with which to beat up districts already reeling from funding cuts, new teacher accountability laws, and what they saw as the state's over-reliance on standardized testing.

But the arguments for transparency are compelling. Financial resources matter, both in terms of amount and allocation. That is why measuring the return on a state's investment in education at the school-site level is an absolutely critical tool for academic improvement. It gives school leaders the numbers they need to implement best practices from similarly situated schools, and allows operators to save money through increased efficiency.

WHAT'S IN THE FINANCIAL TRANSPARENCY PORTION OF THE STUDENT SUCCESS ACT?

Despite sailing into these headwinds, the Student Success Act ultimately passed. What's remarkable is that, with one notable exception (see below), the transparency components (sections 10 and 11 of the bill) survived largely intact. LeeNatali credited Governor Hickenlooper's unwavering support (he mentioned financial transparency in his 2014 State of the State address at the start of the legislative session), effective lobbying by a coalition of education reform groups, and some Republicans deciding that they didn't want to vote against financial accountability, despite the local control arguments being advanced by their more conservative colleagues.

Here are the key components of sections 10-13 of House Bill 14-1292:

- **Consistency of reporting:**
  - Effective with the signing of the bill into law, all districts, the Charter School Institute and all charter schools authorized by school districts must use an updated and improved "standard chart of accounts" to report financial and human resource information to the state.
    - This is significant because it allows apples-to-apples comparison of schools within districts and among districts.
  - The reporting system must use standard definitions for employment positions, "such that full, accurate disclosure of administrative costs is made within the budgets and the financial statements of every school district."
  - The system must make it possible to collect "comparable data by program and school site."
  - A state Financial Policies and Procedures Advisory Committee will decide whether private gifts, grants, and donations must be included in the standard chart of accounts. This would apply to districts, district schools, district charter schools, and Charter School Institute-authorized charters.
- **State transparency website:**
  - By July 1, 2017, a new website must go live that contains detailed financial information on all Colorado school districts. (The awarding of the contract to build this site is imminent as of late July). It must be updated annually.
    - School districts must, by July 1, 2015, begin collecting the new data mandated by the Student Success Act. The contracted website developer is responsible for collecting the data from those district sites to place on the state website.
    - The State Education Fund will allocate $3 million to a new Financial Reporting Fund to pay for development of the new website.
  - Financial data on the state site must include expenditures from every "major category" specified in the chart of accounts, and must drill down to the school level.
  - The information on the state website must be "in a format that is readable by a layperson." The contractor must work with state officials to ensure the greatest possible degree of "clarity and comparability by laypersons" of expenditures among school sites, school districts, the Charter School Institute and schools managed by Boards of Cooperative Services.
- **Transparency for charter schools:**
  - Charters must report all the same data using the same standard charter of accounts as district run schools.
  - But charters at long last get some information that until now districts have been able to keep hidden:
    - Districts must provide to charters an itemized accounting "of all special education costs that the school district incurred" for each school for that budget year. Further, the district must provide "the basis of any per pupil charges for special education" that the district levied against the charter school.
    - Districts must report to the state and the state must issue each year a report detailing how much each school district is authorized to collect in mill levy override funds. The report must specify how each district distributes these funds to its schools, including charters.

            - Districts and charters have the right to review the report each year before it is published, and to request an addendum to the report "specific to the requesting school district or charter school" that examines the overall level at which the district funds its charters. The information in the addendum can be broken down by capital construction and facilities funding, technology funding, and "any other funding that the school district distributes to the charter schools of the district."

- **Data that must be included for each district, district school, and charter school (new components effective with passage of Student Success Act):**
    - Actual expenditures at the district and school site level
        - Including "but not limited to" actual salary and actual benefit expenditures by job category specified in the standard chart of accounts
            - This does NOT include individual salaries
            - It also does NOT include benefits broken out by type. This means Colorado Public Employee Retirement Association (PERA) pension costs are not separated from health and other benefit costs. This is the biggest trade-off transparency supporters had to make to get the bill passed. A more detailed explanation can be found in the "Draw Lines in the Sand" subsection below.
- **Removing provisions from the previous statutory framework that were burdensome to districts and useless to everyone else. A prime example: the requirement that districts' post copies of their check registers online.**

Despite sailing into these headwinds, the Student Success Act ultimately passed. What's remarkable is that, with one notable exception, the transparency components survived largely intact.

GETTING TRANSPARENCY PASSED: WHAT IT TOOK

By early 2014, State Senator Mike Johnston and his staff faced a hard truth: They had fallen victim to their own successes and failures. Johnston, a charismatic, brilliant, and silver-tongued young Democrat, had alienated the more progressive elements of his party in 2010 by conceiving and then driving to passage Senate Bill 10-191, the Great Teachers and Leaders law. Among other things, the law weakened and in some cases eliminated tenure protections for poorly rated teachers, and revamped the state's teacher evaluation system to make it meaningful and a bit more high stakes than it had been historically.

"It was framed to Democrats as 'Mike's the reform guy who wants to test your kids and fire your teachers,'" said LeeNatali, his former chief of staff. "That's obviously hugely oversimplified but it had an effect."

Then, as the champion of Amendment 66 and Senate Bill 13-213, Johnston had rubbed more conservative Republicans the wrong way. They saw the bill and amendment as a big government move to pump more money into a dysfunctional school system.

If the Student Success Act, including its transparency provisions, was to pass, Johnston would have to take a back seat. "Mike had become a polarizing figure among some in the K-12 lobby," said LeeNatali. Or, as Johnston put it, "we needed to find someone else to start this, and start it in the House."

Finding credible, bipartisan legislative leadership

Education reform advocates and Johnston's team brought the financial transparency policy concept to two representatives who had broad credibility in their caucuses, particularly on education issues. On the Democratic side was Millie Hamner from the mountain town of Dillon. She had been a teacher, principal, and ultimately superintendent in the Summit School District, in the heart of Colorado's ski country. And better yet, she now chaired the House Education Committee. And Republican Carole Murray from Denver's affluent south suburban Douglas County was regarded as a moderate who could work with Democrats. She had chosen not to run for a fourth term after serving six years. 2014 would be her last legislative session. She had no further political ambitions, and therefore nothing to lose.

Hamner and Murray had already taken the lead on developing a bill that would allocate a large (and rare) budget surplus that legislative session, which ultimately became the Student Success Act. They agreed to include financial transparency provisions in the bill.

Despite facing resistance from some in her caucus, Hamner said she never doubted that financial transparency was an essential component of the Student Success Act. "I think every citizen in every state should have access to this kind of information," Hamner said. "It is how you build support for schools."

Even from the perspective gained through a year of retirement, Murray still has a hard time fathoming why her caucus proved so resistant to financial transparency. "For some Republicans it's all about local control," Murray surmised. She said she tried to counter the local control argument by pointing out that, since a significant portion of funding for schools across Colorado comes from state tax dollars, residents of her district had a stake in how schools in, say, Denver performed and spent their money.

Also, Murray said, some Republicans were swayed by arguments that the new transparency system would allow charter schools to shine, by showing how much more return on investment they were getting for in many cases fewer dollars than flowed to district schools.

Getting some superintendents on board

Most superintendents objected to the new transparency requirements as unnecessarily burdensome. But advocates did manage to build a coalition of supportive superintendents, who were willing to break with the powerful Colorado Association of School Executives, which lobbied vigorously against transparency.

Ultimately, superintendents from Denver, Sheridan, Adams 14, Englewood, Adams 50, Mapleton, and Fort Lupton— some of the lowest-income districts in the state—supported the Student Success Act, with transparency components included.

"For those superintendents it was an equity issue," Johnston said.

Some of the supportive superintendents weren't thrilled with having financial transparency included, but "they were willing to live with those strings attached because they really needed the money" for English language learners and early literacy, said lobbyist Kayla McGannon, who lobbied both for the Colorado League of Charter Schools and Adams 14 school district during the 2014 session.

Draw lines in the sand, but not too many and not too deep

The most painful concession financial transparency advocates had to make in Colorado was a subtle shift in language that meant key information about pension costs won't be made public. The final language in the Act specifies that "actual salary expenditures and actual benefits expenditures reported by job category" must be reported. As originally drafted, those actual benefits expenditures were broken out "by type." Transparency opponents, particularly in the state teachers union, insisted those two words be removed.

"It was a major give on our part, and a frustrating one," said Luke Ragland of Colorado Succeeds. Ragland said that if people saw how much was being spent at a school level on pension costs, it would force a much needed conversation on the sustainability (or lack thereof) of PERA as well as the burden that the state's pension system puts on schools.

Transparency supporters also had to surrender on coupling the financial transparency data with student achievement data on the same website. But Ragland noted that Colorado Succeeds or another advocacy group could take on this task, using the publicly available state data on achievement and transparency.

Despite those concessions, at the end of the day, supporters of financial transparency got the vast majority of what they wanted, and, several acknowledged, far more than they expected to get when the legislative battle began.

Draw lines in the sand, but not too many and not too deep

Crafting the case for transparency for different audiences

When it came to crafting differentiated messages for disparate audiences, having a bipartisan brain trust of legislators, advocates, and lobbyists made all the difference. Equally important was the packaging of financial transparency requirements with funding packages for districts, charter schools, at-risk students, and English Language Learners. The case for transparency was rarely put forward without pointing out that it was part of a package deal.

Transparency advocates worked to anticipate questions and objections from all angles, and to have responses at the ready.

FOR DEMOCRATS:

- This information will shine a bright light on underfunded schools

GETTING TRANSPARENCY PASSED: WHAT IT TOOK *continued*

Robust financial transparency would be the biggest shot in the arm imaginable for school by school funding equity.

- Yes, we need to boost school funding, but to sell higher funding levels we must show that we are committed to continuing to improve schools, as well. The two ideas are not mutually exclusive and in fact complement one another.
- Yes, districts already met fairly stringent financial transparency requirements (from the 2009 law). Hamner recalled one superintendent testifying before the education committee against the new transparency provisions. "If I was any more transparent, I'd be sitting here naked," he said. But countering this argument proved fairly simple. "We need this information not only for every district but for every school. And the information required by the 2009 law isn't necessarily comparable between schools or districts."
- Neither individual salaries nor benefits by type will be broken out as part of these new requirements. Your privacy will be protected.
- Robust financial transparency would be the biggest shot in the arm imaginable for school by school funding equity. If your child goes to a low-income school, wouldn't you want to know the hard facts if (as is so often the case) the dollar amount coming into your school for teacher salaries and benefits is significantly lower than for the affluent school of the same size across town? Knowing this information arms parents, educators, and advocates with the information they need to push districts to change the ways they allocate money to schools.
- Financial transparency down to the school level actually helps teacher associations during the collective bargaining process. "Knowledge during bargaining was always asymmetrical," LeeNatali said. "The district would say 'we're strapped for cash,' and then provide only this general information." Now, under the new requirements, "union negotiating teams would have access to much richer data."
- This is a necessary part of a package to increase education funding. There is a large pay-down of the state's education funding shortfall in the Student Success Act, as well as significantly enhanced funding for English Language Learners and at-risk students, as well as a boost to early literacy funding.
- Enhanced transparency will help make the case for more funding if the state should ever try for a major funding boost like Amendment 66. It demonstrates that public education is open and accountable.

FOR REPUBLICANS

- Taxpayers have a right to know how their 6.5 billion dollars is being spent every year.
- Yes, this puts some additional state-imposed burden on school districts, but if the state is going to increase school funding, shouldn't we have detailed information about how it is being spent? (This argument resonated profoundly with the business community in particular.) As a responsible steward of taxpayers' dollars,

you should demand that additional funding come with additional transparency.

- In all big public sector bureaucracies, and perhaps in education most of all, there are prodigious amounts of waste. Financial transparency will help watchdogs pinpoint and root out areas of wasteful government spending.
- Return on investment matters a great deal. We need to know which districts and schools are spending money frugally and efficiently. And we need to study schools that are getting better results with fewer resources than some other schools. What are they doing right? What can other schools and districts learn from these shining stars, be they charters or district schools?
- True transparency will show all the ways in which charter schools and Charter Management Organizations (CMOs), in the aggregate, are smarter, better-run organizations that get a far better ROI than district schools.
- Salaries and benefits account for 60-80% of a school's budget, but we have no way of calculating that information under the current system.
- The state's new transparency website is going to be built by a private company, not the inefficient state bureaucracy. This increases the likelihood that it will be of the quality we need to push accountability.
- There will be new information available to charter schools on mill levy share-outs to district and charter schools, as well as a detailed report on how districts calculate the amount they charge charter schools for special education services. This may be our last, best chance to get this information out in the public domain.
- The Student Success Act package brings a windfall to charters in terms of capital construction dollars.
- Transparency doesn't undermine local control; it enhances it. "A transparent lens can enable taxpayers and parents to take more ownership," because they have more knowledge, is how Dan Schaller, director of advocacy at the Colorado League of Charter Schools, puts it.

Sweeteners: Other key elements of the Student Success Act

In Colorado's fast-changing political climate of late 2013 and early 2014, financial transparency had no chance of passing as a standalone piece of legislation. School districts and their support organizations (the Colorado Association of School Boards, the Colorado Association of School Executives) and teachers unions vigorously opposed financial transparency from the outset.

But a significant state budget surplus for the first time in several years meant that districts stood to reap a windfall if a larger, more comprehensive spending bill passed. Here are some of the other key elements of the omnibus spending bill known as the Student Success Act:

- A $110 million reduction in the negative factor, the state's $1 billion education funding shortfall.
- It brought in an additional $27 million for programs supporting English Language Learners.
- Along with the annual school finance act, the bill boosted funding by $18 million for implementation of the state's early literacy law, known as the READ Act.
- Combined with the school finance act, it added $17 million for 5,000 additional slots for at-risk preschool and kindergarten students.
- It increased charter capital construction funding from $7 million in 2013-14 to $13.5 million in 2014-15 and up to $20 million for 2015-16. That could climb as high as $25 million, depending on the bounty from Colorado's marijuana excise taxes.

Transparency proponents had to promote not only the transparency sections of the bill, but were also forced to make cases to a variety of legislators and constituent groups about why the entire package made sense as a whole. This proved challenging in some instances, because there were elements of the Student Success Act that some proponents didn't fully support.

What's more, while several education reform organizations strongly supported transparency, many of them had higher priority items in the larger bill. For Colorado Succeeds, transparency was the key component of the Student Success Act. For the League of

GETTING TRANSPARENCY PASSED: WHAT IT TOOK *continued*

Charter Schools, it was charter funding. English language learner funding was the big one for the Children's Campaign.

"Sometimes this kind of alliance—where each group prioritizes a different goal—can cause trouble. As this came down to the wire, we often worried financial transparency would end up getting traded out in order to save a different provision. But we (representatives for the key organizations) all had such strong personal relationships that it didn't happen that way," Ragland said.

> "Less money meant that we wouldn't have the support of the traditional education constituent groups (the Colorado Education Association, Colorado Association of School Boards, Colorado Association of School Executives)."

Building a coalition in a tough political environment

As discussed earlier in this report, the political winds that had been favorable to education reform efforts in Colorado had begun to shift by early 2014. Coalitions of the sort that helped pass the tenure reforms in the Great Teachers and Leaders Act in 2010 were now tougher to pull together. Republicans felt pressure from their right flank and Democrats their left. Moderate Republicans and Democrats, aligned with organizations like Democrats for Education Reform, still existed, to be sure. But there are fewer of them than there had been just a few years earlier.

"We had built a pretty good coalition around Senate Bill 13-213 (the legislation that accompanied Amendment 66), but we knew we had to shrink that coalition because there was now so much less money involved," said Reilly Pharo Carter, who at the time served as Vice President of K-12 Initiatives for the Colorado Children's Campaign.

"Less money meant that we wouldn't have the support of the traditional education constituent groups (the Colorado Education Association, Colorado Association of School Boards, Colorado Association of School Executives)."

Other than the handful of superintendents who supported the bill, "superintendents came out in a very coordinated way against it," led by lobbyists for the Douglas County and Cherry Creek school districts, Carter said. "They were very smart in their attacks against us. Their argument was: 'Given the Great Recession, here is where we would have been and where we now should be funding-wise. We want all the dollars in this legislation to go to offsetting the negative factor.'"

As the superintendents went, so went a wide swath of Democrats, as well as Republicans sympathetic to local control arguments and to Republican-controlled school boards, notably Douglas County. As a result, supporters of the Student Success Act had to rely more heavily on a smaller group of partners, who operated within a narrower political band. The governor's office also played a crucial role.

Carter said the stalwarts in the coalition were Colorado Succeeds, Children's Campaign, DFER, Stand for Children, the Colorado League of Charter Schools, and those few urban and inner-ring suburban superintendents.

LeeNatali, Johnston's chief of staff, said he wouldn't describe the group of supporters as a coalition. "Between the time Amendment 66 failed in November and the bill was introduced early in the 2014 session, there wasn't a lot of time to build a coalition."

BUILDING A USER-FRIENDLY WEBSITE

As described earlier, the key piece of legislative coalition-building came in getting representatives Hamner and Murray on board.

It's almost a cliché at this point, but it's true nonetheless: Great policy is meaningless without excellent implementation. The media and therefore the public focus a great deal of attention on the drama of politics and policymaking. They display less interest in and patience for the detail work of implementation—translating those hard-won political victories into policies and practices that people in schools and school districts use to effect change. Yet it's implementation that determines whether a new policy or law makes a lasting difference or fades into oblivion.

In the case of the financial transparency components of the Student Success Act, the key piece of implementation is creation of the state website, which will contain and display all of this newly required data. The Student Success Act mandates that the website present data in "a format readable by a layperson," and specifies what data must be included. Beyond that, implementation is left in the hands of the selected contractor and its overseers at the Colorado Department of Education's Financial Policies and Procedures Committee.

So how does a contractor go about building a website infused with rich and complex data, that is accessible to an average parent, yet also useful to education researchers and advocates who want to dig deep into the datasets?

Conversations with several vendors, advocates, and policy expert yielded these suggestions:

- Build an interface as visually appealing and user-friendly as mint.com, the free, web-based financial management software. This means customizable graphs and charts, and searches sorted by a large variety of categories.
- Although Colorado is "way ahead of the game" in having a standard chart of accounts, one vendor said, if the terminology in that chart goes straight onto the website without translation, it will be meaningless to many users. "You need to use a very sophisticated filter to drill down into the chart of accounts and come up with natural language, grouped in the natural ways people label and group things." Like 'salaries,' for example, or 'benefits.'
- Any website of this sort will lack meaning unless the data is "accessible, actionable, and tied to academics," another vendor said. Instead of mint.com, this vendor compared excellent functionality to a credit reporting website, where not only can you see a credit score, but can click on links that give you simple, clear advice on how to boost your score. Similarly, on a financial transparency website, it's best not to present data without context. What does it mean if, for example, data show that spending on after-school programs at a school have been cut while the amount of money going to its teachers has soared? What are some of the reasons, what are potential impacts, positive and negative, what are some suggestions for taking action? It's frustrating for people to see all the ways in which priorities seemed skewed without providing them a constructive outlet for changing those priorities.
- "In one infographic you can change the entire way a parent looks at a school," one vendor said. "You can give parents a more sophisticated lens." For example, the vendor said, let's say financial transparency data show that at High School X, funding for programs that support entrepreneurship have been cut. "Rather than leaving it there, you include actionable information: Here are (some) things parents have done to promote entrepreneurship in other states: after school programs, parent-teacher partnerships. Now I've taught you something, shown you the research, shown how your school is doing, and given you tools to do something about it. It may not happen tomorrow in all cases, but it's a start in the right direction."
- "Presenting this information accurately is the brain surgery of education data," another vendor said. Nuance and context is incredibly important. A website must help people understand that if one school gets more funding than a similar school, there may be legitimate reasons for that. There are differentiated funding weights for special needs students, English language learners, etc. So helping people understand the true meaning behind the numbers is crucial.
- Do this in conjunction with education professionals rather than using it as a cudgel against them. If educators view this as a punitive measure, they will be resistant and unwilling to engage with the data. "If they're involved with what's on the site and how it's presented, they will be bought in instead of hostile."

BUILDING A USER-FRIENDLY WEBSITE *continued*

- Don't make the mistake CDE's SchoolView website made, which was to design the site for highly sophisticated users, which leads to bafflement for more casual users. "For elected officials and public policy people, the tolerance for complex data isn't much different than for parents," a vendor said. "The website has to be built with those people in mind." For the data geeks and researchers, the site should include downloadable datasets, details on how calculations were performed, and voluminous footnotes leading back to underlying research.
- Sen. Mike Johnston summed it up this way: "We need a client-focused tech firm, not a data company, to do this website."

"For elected officials and public policy people, the tolerance for complex data isn't much different than for parents. The website has to be built with those people in mind."

HOW OTHER STATES CAN EMULATE COLORADO

Looking back on the (at times) bruising battle to get the Student Success Act passed, legislators and lobbyists offered the following advice to make life easier for policymakers in other states interested in financial transparency legislation:

Know your context

Colorado has become a classic 'purple state,' where neither political party dominates, and where compromises and overlapping or complementing self-interests must be unearthed. Financial transparency won't pass in states similar to Colorado unless it is packaged with sweeteners, preferably for districts and charter schools alike.

"Line up support and look for unusual alliances," Johnston suggested. "Union and business groups, working together with charter advocates, courageous principals and superintendents.

In states dominated by Democrats, getting transparency passed will be a heavier lift, because some of the party's most influential supporters—especially teachers unions—are wary of transparency. Finding a passionate and eloquent voice to push the equity argument is essential. So is promoting the argument that unions stand to benefit during collective bargaining from the more detailed data transparency would make available to them.

Packaging transparency with financial sweeteners is even more essential in blue states than in purple states. In fact, lobbyist Kayla McGannon said, "In any state with budget challenges, regardless of its political makeup, you wouldn't be able to pass transparency without offering some financial enticements in return."

In a Republican-dominated state, financial transparency would seem like a "red meat issue for the base." Government accountability, ferreting out waste, return on investment; they all seem like Republican no-brainers. But the GOP in many states is fixated more on local control than on these other issues, which makes financial transparency imposed from on high problematic.

That's where charter school arguments become key. Even Republicans on the right edge of the party are amenable to the argument that financial transparency will shed light on both how much better charter schools are at getting a strong return on investment, and at how unfairly charters are treated by districts when it comes to doling out taxpayer money and imposing charges for special education.

Pick leadership respected by both parties

It's not necessarily sufficient to have leaders respected in their own caucuses, if that leader's presence engenders hostility across the aisle. Several people cited Republican Carole Murray's credibility among Democrats because of a 2013 vote where she broke with Republican leadership and supported civil unions for gay couples.

Make sure your lobbyists are seen as real players, not just opportunists

Murray said one reason the Student Success Act succeeded was because the "ed reform lobby" had developed deep relationships on both sides of the aisle. And these relationships were formed through hard work.

"These people walked precincts for reform candidates, they raised money. They put in the time," Murray said.

Know thine enemy and counter his/her arguments aggressively and early

"There tends to be a lot of misinformation out there," said Reilly Pharo Carter, formerly of the Colorado Children's Campaign. Much of it is spread intentionally. "You have to audit your state. Know what is out there and how it is being conveyed. You've got to be the most informed person in your state on this topic."

Set the agenda

Better yet, start early and get the pro-transparency arguments out in the public domain first, suggested Dan Schaller of the Colorado League of Charter Schools.

Change the paradigm

In some states, particularly those with a long history of political corruption, financial transparency is thought of as a tool for

HOW OTHER STATES CAN EMULATE COLORADO *continued*

While financial transparency represented a key component of the new law, it also contained provisions attractive to skeptics of transparency on both sides of the aisle.

sniffing out shady, underhanded deals, nepotism and other forms of favoritism, etc. That's why early versions of transparency laws (including Colorado's) focused more on access to check registers and credit card statements than school-by-school spending patterns.

"The return on investment and equity arguments are much stronger and current than the 'rooting out corruption' arguments," said Luke Ragland of Colorado Succeeds. "You have to show policymakers how financial transparency can serve as a powerful tool for improvement, not just a tool to combat fraud."

Get parents engaged and vocal

It's difficult for legislators to ignore parents who testify with the simple message: "I have a right to know," Johnston said.

APPENDIX

Relevant Sections of Student Success Act

The financial transparency components of the Student Success Act are contained in sections 10-13 of the law. Here are those sections in their entirety. Strikethroughs denote deleted language; words in all caps are new language.

SECTION 10. In Colorado Revised Statutes, 22-44-105, amend as it exists until proclamation of the governor (4); and add (6) as follows:

22-44-105. Budget - contents - mandatory. (4) (a) ~~Not later than July 1, 1998,~~ The state board of education, with input from the financial policies and procedures advisory committee, shall establish, and implement, AND MAINTAIN a statewide financial, student management, and human resource electronic data communications and reporting system that is based on a redesigned standard chart of accounts, a standard information system, and a standard personnel classification system. The department of education, THE STATE CHARTER SCHOOL INSTITUTE, and all DISTRICT CHARTER SCHOOLS, INSTITUTE CHARTER SCHOOLS, school districts, and boards of cooperative services in the state shall use the system to report and obtain necessary financial information.

(b) In ~~redesigning~~ IMPLEMENTING AND MAINTAINING the financial and human resource reporting system pursuant to paragraph (a) of this section, the state board of education shall adhere to, but is not limited to, the following guidelines:

(I) The ~~financial and human resource~~ reporting system shall MUST be based on a redesigned STANDARD chart of accounts that ~~will make~~ MAKES school-to-school and school district-to-school district comparisons more accurate and meaningful;

(II) The ~~financial and human resource~~ reporting system ~~shall~~ MUST provide standard definitions for employment positions such that full, accurate disclosure of administrative costs is made within the budgets and the financial statements of every school district; AND

(III) The financial reporting system ~~shall~~ MUST make it possible to collect comparable data by program and school site.

(c) Nothing in this section shall be interpreted to require accounting of salary and benefit costs by school site.

(d) THE FINANCIAL POLICIES AND PROCEDURES ADVISORY COMMITTEE SHALL CONSIDER AND MAKE A RECOMMENDATION TO THE STATE BOARD OF EDUCATION CONCERNING WHETHER THE STANDARD CHART OF ACCOUNTS SHOULD INCLUDE THE REPORTING OF REVENUES RECEIVED AT ALL LEVELS, INCLUDING PUBLIC REVENUES RECEIVED FROM PRIVATE GIFTS, GRANTS, AND DONATIONS, AND, IF SO, HOW THE REPORTING OF REVENUES WOULD BE INCLUDED IN THE STANDARD CHART OF ACCOUNTS.

(e) (I) THE DEPARTMENT SHALL ISSUE A REQUEST FOR PROPOSALS AND CONTRACT FOR THE CREATION OF A WEB SITE VIEW THAT, AT A MINIMUM, TRANSLATES THE EXPENDITURES FOR EACH OF THE MAJOR CATEGORIES SPECIFIED IN THE CHART OF ACCOUNTS FOR SCHOOL SITES, SCHOOL DISTRICTS, THE STATE CHARTER SCHOOL INSTITUTE, AND BOARDS OF COOPERATIVE SERVICES, AS POSTED ON THE WEB SITE MAINTAINED BY EACH LOCAL EDUCATION PROVIDER PURSUANT TO SECTION 22-44-304, INTO A FORMAT THAT IS READABLE BY A LAYPERSON.THE DEPARTMENT AND THE ENTITY WITH WHICH THE DEPARTMENT CONTRACTS, IF ANY, SHALL WORK WITH THE FINANCIAL POLICIES AND PROCEDURES ADVISORY COMMITTEE AND A REPRESENTATIVE FROM THE OFFICE OF STATE PLANNING AND BUDGETING IN DESIGNING THE PRESENTATION OF DATA ON THE WEB SITE VIEW TO ENSURE THE GREATEST DEGREE OF CLARITY AND COMPARABILITY BY LAYPERSONS OF EXPENDITURES AMONG SCHOOL SITES, SCHOOL DISTRICTS, THE STATE CHARTER SCHOOL INSTITUTE, AND BOARDS OF COOPERATIVE SERVICES.

(II) THE DEPARTMENT SHALL ENSURE THAT THE WEB SITE CREATED PURSUANT TO THIS PARAGRAPH (e) IS AVAILABLE TO THE PUBLIC NO LATER THAN JULY 1, 2017, AND IS UPDATED ANNUALLY.

(6) (a) THERE IS CREATED IN THE STATE TREASURY THE FINANCIAL REPORTING FUND, REFERRED TO IN THIS SUBSECTION (6) AS THE "FUND". FOR THE 2014-15 BUDGET YEAR, THE STATE TREASURER SHALL TRANSFER THREE MILLION DOLLARS FROM THE STATE EDUCATION FUND, CREATED IN SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION, TO THE FUND TO OFFSET THE COSTS INCURRED BY THE DEPARTMENT IN IMPLEMENTING PARAGRAPH (e) OF SUBSECTION (4) OF THIS SECTION. THE MONEYS IN THE FUND ARE CONTINUOUSLY APPROPRIATED TO THE DEPARTMENT OF EDUCATION BEGINNING IN THE 2014-15 BUDGET YEAR AND CONTINUING THROUGH THE 2017-18 BUDGET YEAR, AFTER WHICH TIME ANY MONEYS REMAINING IN THE FUND ARE SUBJECT TO ANNUAL APPROPRIATION.

(b) THE STATE TREASURER MAY INVEST ANY MONEYS IN THE FUND NOT EXPENDED FOR THE PURPOSE OF PARAGRAPH (e) OF SUBSECTION (4) OF THIS SECTION AS PROVIDED BY LAW. THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEYS IN THE FUND TO THE FUND. ANY UNEXPENDED AND UNENCUMBERED MONEYS REMAINING IN THE FUND AT THE END OF A FISCAL YEAR REMAIN IN THE FUND AND SHALL NOT BE CREDITED OR TRANSFERRED TO THE GENERAL FUND OR ANOTHER FUND.

(c) THE GENERAL ASSEMBLY HEREBY DECLARES THAT, FOR PURPOSES OF SECTION 17 OF ARTICLE IX OF THE STATE CONSTITUTION, CREATING AND MAINTAINING THE WEB SITE DESCRIBED IN PARAGRAPH (e) OF SUBSECTION (4) OF THIS SECTION IS AN IMPORTANT ELEMENT IN IMPLEMENTING ACCOUNTABILITY REPORTING AND MAY THEREFORE RECEIVE FUNDING FROM THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION.

SECTION 11. In Colorado Revised Statutes, 22-44-304, amend (1), (3) (a), and (4) as follows:

22-44-304. Financial reporting - on-line access to information - repeal. (1) (a) Commencing July 1, 2010, and on a continuing basis thereafter, each local education provider shall post the following information on-line, in a downloadable format, for free public access:

(I) The local education provider's annual budget, adopted pursuant to section 22-44-110 (4), commencing with the budget for the 2009-10 budget year;

(II) The local education provider's annual audited financial statements, prepared pursuant to section 22-32-109 (1) (k), commencing with the audits prepared for the 2009-10 budget year;

(III) (A) The local education provider's quarterly financial statements, at a minimum, prepared pursuant to section 22-45-102, commencing with the statements for the 2010-11 budget year. ~~And~~

(B) THIS SUBPARAGRAPH (III) IS REPEALED, EFFECTIVE JULY 1, 2017.

(IV) The local education provider's salary schedules or policies, adopted pursuant to sections 22-32-109.4 and 22-63-401, commencing with those applicable to the 2010-11 budget year.

(b) (I) Additionally, commencing July 1, 2011, each local education provider shall post accounts payable check registers and credit, debit, and purchase card statements on-line, in a downloadable format, for free public access.

(II) THIS PARAGRAPH (b) IS REPEALED, EFFECTIVE JULY 1, 2017.

(c) (I) Additionally, commencing July 1, 2012, each local education provider shall post investment performance reports or statements on-line, in a downloadable format, for free public access.

(II) THIS PARAGRAPH (c) IS REPEALED, EFFECTIVE JULY 1, 2017.

(d) ADDITIONALLY, COMMENCING JULY 1, 2015, EACH LOCAL EDUCATION PROVIDER SHALL POST IN A FORMAT THAT CAN BE DOWNLOADED AND SORTED, FOR FREE PUBLIC ACCESS, THE LOCAL EDUCATION PROVIDER'S ACTUAL EXPENDITURES, INCLUDING BUT NOT LIMITED TO ACTUAL SALARY EXPENDITURES AND ACTUAL BENEFIT EXPENDITURES REPORTED BY JOB CATEGORY SPECIFIED IN THE STANDARD CHART OF ACCOUNTS, AT THE LOCAL EDUCATION PROVIDER LEVEL AND AT THE SCHOOL-SITE LEVEL.

(3) (a) Each local education provider shall update the information specified in PARAGRAPHS (a), (b), AND (c) OF subsection (1) of this section within sixty days after the local education provider's completion or receipt of the applicable report, statement, or document. EACH LOCAL EDUCATION PROVIDER SHALL UPDATE THE INFORMATION SPECIFIED IN PARAGRAPH (d) OF SUBSECTION (1) OF THIS SECTION ANNUALLY BY A DATE SPECIFIED BY THE FINANCIAL POLICIES AND PROCEDURES ADVISORY COMMITTEE.

(4) No later than July 1, ~~2010~~ 2015, the financial policies and procedures advisory committee of the department shall create a template ~~for voluntary use by~~ THAT local education providers ~~needing assistance with the on-line posting of~~ MUST USE TO POST ALL OF the information specified in subsection (1) of this section, INCLUDING BUT NOT LIMITED TO THE SITE-LEVEL REPORTING REQUIREMENTS. The template may include both the type of electronic file posted as well as the information to be included in the posting. ~~The committee may take into consideration any existing templates or reports developed by the department for purposes of financial reporting.~~

SECTION 12. In Colorado Revised Statutes, 22-30.5-112, **add** (3)

(c) as follows:

22-30.5-112. Charter schools - financing – definitions - guidelines. (3) (c) WITHIN NINETY DAYS AFTER THE END OF EACH BUDGET YEAR, EACH SCHOOL DISTRICT SHALL PROVIDE TO EACH CHARTER SCHOOL OF THE SCHOOL DISTRICT AN ITEMIZED ACCOUNTING OF ALL THE ACTUAL SPECIAL EDUCATION COSTS THAT THE SCHOOL DISTRICT INCURRED FOR THE APPLICABLE BUDGET YEAR AND THE BASIS OF ANY PER PUPIL CHARGES FOR SPECIAL EDUCATION THAT THE SCHOOL DISTRICT IMPOSED AGAINST THE CHARTER SCHOOL FOR THE APPLICABLE BUDGET YEAR.

SECTION 13. In Colorado Revised Statutes, **add** 22-2-113.8 as follows:

22-2-113.8. Department of education - additional local revenues - distribution to schools - annual report. (1) FOR THE 2014-15 BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER, EACH SCHOOL DISTRICT SHALL REPORT THE TOTAL AMOUNT OF ADDITIONAL LOCAL PROPERTY TAX REVENUES THE DISTRICT IS AUTHORIZED TO COLLECT IN ADDITION TO THE DISTRICT'S TOTAL PROGRAM MILL LEVY, BUT NOT INCLUDING AMOUNTS AUTHORIZED PURSUANT TO SECTION 22-40-110, ARTICLE 42 OF THIS TITLE, OR ARTICLE 43 OF THIS TITLE, AND THE AMOUNT OF THE ADDITIONAL LOCAL

PROPERTY TAX REVENUES THAT THE SCHOOL DISTRICT DISTRIBUTES DIRECTLY TO SCHOOLS OF THE SCHOOL DISTRICT, STATED AS A DOLLAR AMOUNT.

(2) THE DEPARTMENT SHALL ANNUALLY COMPILE A REPORT OF THE INFORMATION RECEIVED PURSUANT TO SUBSECTION (1) OF THIS SECTION CONCERNING THE COLLECTION OF ADDITIONAL LOCAL PROPERTY TAX REVENUES BY EACH SCHOOL DISTRICT AND THE DISTRIBUTION OF THE REVENUES TO THE SCHOOLS OF THE SCHOOL DISTRICT, INCLUDING THE CHARTER SCHOOLS. IN ADDITION TO THE COMPILED INFORMATION, THE REPORT MUST INCLUDE A COMPARISON OF THE AMOUNT OF ADDITIONAL LOCAL PROPERTY TAX REVENUES RECEIVED BY THE SCHOOL DISTRICT AND THE AMOUNT DISTRIBUTED TO THE SCHOOLS OF THE DISTRICT, INCLUDING THE CHARTER SCHOOLS, AT THE DISTRICT LEVEL AND AGGREGATED STATEWIDE.

(3) (a) THE DEPARTMENT SHALL ALLOW EACH SCHOOL DISTRICT AND EACH DISTRICT CHARTER SCHOOL TO REVIEW THE REPORT BEFORE PUBLICATION. A SCHOOL DISTRICT OR A CHARTER SCHOOL MAY REQUEST THAT THE DEPARTMENT COMPILE AN ADDENDUM TO THE REPORT THAT IS SPECIFIC TO THE REQUESTING SCHOOL DISTRICT OR CHARTER SCHOOL AND THAT EXAMINES THE OVERALL LEVEL OF FUNDING DISTRIBUTED BY THE SCHOOL DISTRICT TO THE CHARTER SCHOOLS OF THE DISTRICT, INCLUDING: (I) CAPITAL CONSTRUCTION AND FACILITIES FUNDING;

(II) FUNDING FOR TECHNOLOGY; AND (III) ANY OTHER FUNDING THAT THE SCHOOL DISTRICT DISTRIBUTES TO THE CHARTER SCHOOLS OF THE DISTRICT. (b) THE DEPARTMENT SHALL SIMULTANEOUSLY PUBLISH ON THE DEPARTMENT WEB SITE THE REPORT AND ANY ADDENDA PREPARED FOR THE REPORT IN RESPONSE TO A SCHOOL DISTRICT OR CHARTER SCHOOL REQUEST.

1390 Lawrence Street, Suite 200 | Denver, Colorado 80204
303.623.2356 | AmericaSucceeds.Org

AMERICA
SUCCEEDS