

Joint Budget Committee



Staff Figure Setting FY 2025-26

Department of Education (School Finance and Categorical Programs Only)

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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How to Use this Document: The Department Overview contains a table summarizing the staff recommended changes. Brief explanations of each change follow the table. Each division description includes a similar table but does not repeat the brief explanations. Sections following the Department Overview and the division summary tables provide more details about the changes.

To find decision items, look at the Decision Items Affecting Multiple Divisions or the most relevant division. This applies to both decision items requested by the department and recommended by the staff. Decision items appear in the requested priority order within sections.

Department Overview

The elected members of the State Board of Education are responsible for the general supervision of public schools throughout Colorado. The Commissioner of Education, appointed by the State Board, advises the State Board concerning the operation and status of public schools and serves as the executive officer of the Department of Education. Among other tasks and responsibilities, the Department supports the Board in its duties by:

- Accrediting public schools and school districts.
- Developing and maintaining state model academic content standards and administering associated student assessments for certain subject areas and grade levels.
- Issuing school and district performance reports for every public school and school district in the state.

The Department also administers a number of education-related programs, including: educator licensure and professional development; the School Finance Act and the distribution of state and federal funds to school districts; special education for children with disabilities; English language proficiency programs; educator effectiveness and evaluation programs; and adult basic education programs.

The Department includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring the operations of institute charter schools located within certain school districts; and (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization and allocation of state financial assistance for school construction projects.

In addition to its duties related to public schools, the Department is charged with promoting the improvement of library services statewide to ensure equal access to information, including providing library services to persons who reside in state-funded institutions and to persons who are blind or physically disabled.

Summary of Staff Recommendations

Department of Education						
Item	Total Funds	General Funds	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$7,869,192,935	\$4,527,296,627	\$2,416,241,902	\$55,424,996	\$870,229,410	742.1
LBSupp S2 CSI Mill Levy Equalization	-797,847	0	-797,847	0	0	0.0
LBSupp S3 Healthy School Meals for All	916,188	0	916,188	0	0	0.0
LBSupp Career Advisor Training Program	-1,000,000	-1,000,000	0	0	0	0.0
Total	\$7,868,311,276	\$4,526,296,627	\$2,416,360,243	\$55,424,996	\$870,229,410	742.1

Staff Working Document – Does Not Represent Committee Decision

Department of Education						
Item	Total Funds	General Funds	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$7,868,311,276	\$4,526,296,627	\$2,416,360,243	\$55,424,996	\$870,229,410	742.1
R1/BA1 State share of total program	-194,444,097	150,000,000	-344,444,097	0	0	0.0
R2/BA7 Categorical programs increase	23,280,054	0	23,280,054	0	0	0.0
R3/BA3 CSI Mill Levy Equalization	6,169,430	0	6,169,430	0	0	0.0
R4 Supporting instructional coherence	0	0	0	0	0	0.0
R5 Student engagement	0	0	0	0	0	0.0
R6 READ Act training support	3,361,590	0	3,361,590	0	0	2.0
R7 CO Talking Book Library security	0	0	0	0	0	0.0
R8 National Student Clearinghouse	67,870	67,870	0	0	0	0.0
R9 Statewide student information system	160,000	160,000	0	0	0	0.0
R10 CSDB inflationary adjustment	65,958	65,958	0	0	0	0.0
R11 Career training and basic skills reduction	0	0	0	0	0	0.0
R12 Inactive cash funds sweep	0	0	0	0	0	0.0
BA2 Additional At-risk funding	0	0	0	0	0	0.0
BA4 Healthy School Meals for All	12,400,000	49,541,914	-37,141,914	0	0	0.0
BA5 Eliminate grant programs	-792,889	-792,889	0	0	0	-0.5
BA6 Appropriated Sponsored Programs	5,000,000	0	5,000,000	0	0	1.5
NP Retain MTCF refinance	0	0	0	0	0	0.0
NP Impacts driven by other agencies	0	0	0	0	0	0.0
SI BEST cash grants	2,754,174	0	2,754,174	0	0	0.0
SI Statewide Assessment Program	491,842	0	778,468	0	-286,626	0.0
SI Technical adjustments	5,460	100,000	0	-94,540	0	0.0
SI Eliminate At-Risk Per Pupil Addt'l Funding	0	0	0	0	0	0.0
SI Informational funds adjustment	-22,067,082	0	0	0	-22,067,082	0.0
SI Eliminate At-Risk Supplemental Aid	-7,009,989	0	-7,009,989	0	0	0.0
SI High Impact Tutoring Program	-4,994,564	-4,994,564	0	0	0	-1.2
SI Annualize K-5 Social Emotional pilot	-2,502,388	0	-2,502,388	0	0	-1.1
SI Charter school facilities	-859,579	0	-859,579	0	0	0.0
SI Computer Science Education Grants	-571,289	0	-571,289	0	0	-0.5
SI Annualize Innovative Learning Pilot	-354,156	-354,156	0	0	0	-0.6
SI Reduce FY 24-25 R4 HRIS	-103,000	-103,000	0	0	0	0.0
Centrally appropriated line items	2,579,925	805,807	562,713	289,121	922,284	0.0
Technical adjustments	0	-9,089	7,458	1,631	0	0.0
Annualize prior year legislation	-20,578,341	-1,062,669	-20,000,972	0	485,300	0.8
Annualize prior year budget actions	-711,304	-660,250	-51,054	0	0	0.2
Total	\$7,669,658,901	\$4,719,061,559	\$2,045,692,848	\$55,621,208	\$849,283,286	742.7
Changes from FY 2024-25	-\$198,652,375	\$192,764,932	-\$370,667,395	\$196,212	-\$20,946,124	0.6
Percentage Change	-2.5%	4.3%	-15.3%	0.4%	-2.4%	0.0
FY 2025-26 Executive Request	\$7,655,614,954	\$4,687,924,188	\$2,041,451,107	\$55,120,326	\$871,119,333	750.4
Staff Rec. Above/-Below Request	\$14,043,947	\$31,137,371	\$4,241,741	\$500,882	-\$21,836,047	-7.7

Description of Incremental Changes

R1/BA1 State share of total program [requires legislation]: The Long Bill is required to be written to current law. Pursuant to guidance from the Office of Legislative Legal Services (OLLS), staff assumes that implementation of H.B. 24-1448 (New Public School Finance Formula) will be paused due to certain conditions being met and therefore recommends the Long Bill include the state share of districts' total program funding calculated under the old formula. The Governor's R1/BA1 proposal requires substantial legislative changes that carry significant policy implications; staff therefore expects that legislation to modify implementation of the new school finance formula will not be sponsored by the JBC.

The Department indicates that R1/BA1 is an evidence-informed practice as defined in H.B. 24-1428 (Evidence-based Designations for Budget). Staff disagrees that total program funding distributions are a program or practice; therefore, this request is not eligible for an evidence designation.

R2/BA7 Categorical programs increase: Amendment 23 requires the General Assembly to increase total state funding for categorical programs by \$12.5 million for FY 2025-26, based on the actual CY 2024 inflation rate of 2.3 percent. Additionally, the General Assembly's stated intent in Section 22-20-114 (1)(c)(III)(D), C.R.S., is to fully fund special education programs for children with disabilities. Staff recommendation includes an increase of \$23.3 million from the State Education Fund (SEF). The recommendation exceeds the minimum required increase by \$10.8 million to fully fund special education and provide increases for the other categories.

BA2 Additional at-risk funding [requires legislation]: Staff recommends denial of the request. The Governor's January 2nd budget letter acknowledged agreement with staff's proposal to eliminate at-risk per pupil additional funding (\$5.0 million SEF) and at-risk supplemental aid (\$7.0 million State Public School Fund), but simultaneously requested \$12.0 million General Fund for "additional at-risk funding". If the General Assembly is interested in providing this funding, it would be more appropriate to do so through the School Finance Act.

SI Eliminate at-risk per pupil additional funding [requires legislation]: The Long Bill recommendation includes \$5.0 million cash funds from the SEF to comply with the statutory requirement to fund this item. In light of additional funding provided through the at-risk factor in the new school finance formula, staff recommends that the Committee sponsor legislation to eliminate the required annual appropriation and overall framework for this funding distribution. In FY 2023-24, this distribution provided approximately \$12.36 per at-risk pupil. OSPB acknowledged agreement with staff's proposal to eliminate this funding in the January 2nd letter.

SI Informational funds adjustment: The recommendation includes a \$44.8 million increase (in addition to the \$66.8 million decrease in sections of the Department not addressed in this packet) to federal funds shown for informational purposes for Special Education Programs with Children with Disabilities and English Language Proficiency Program in the Categorical Programs subdivision. The recommendation includes adjustments to more accurately reflect federal funds currently provided for these two programs.

SI Eliminate at-risk supplemental aid: The Department requested \$7,009,989 from the State Public School Fund for this line item. JBC staff proposed elimination of this funding as a balancing option during the briefing process; OSPB acknowledged agreement with the proposal in the January 2nd letter. The General Assembly is not statutorily required to fund this program; staff therefore recommends no appropriation for this line item in the Long Bill. Additionally, staff recommends the program be repealed from statute as best practice for defunded programs, and also because changes made by H.B. 24-1448 will render the payments statutorily impossible to calculate under the new formula. However, staff is of the opinion that the statutory repeal would more appropriately be made in the School Finance Act.

Annualize prior year legislation: The request includes the out-year impact of prior year legislation described below.

Annualize prior year legislation						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 24-188 School finance	-\$101,620	\$0	-\$101,620	\$0	\$0	0.0
HB 24-1448 New public school finance formula	-13,340	-13,340	0	0	0	0.0
HB 24-1364 Education-based workforce readiness	-10,900	-10,900	0	0	0	0.0
Total	-\$125,860	-\$24,240	-\$101,620	\$0	\$0	0.0

Annualize prior year budget actions: The request includes the out-year impact of prior year legislation described below.

Annualize prior year budget actions						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Prior year salary survey	\$390,897	\$56,003	\$8,039	\$0	\$326,855	0.0
Prior year step pay	376,249	72,847	8,062	0	295,340	0.0
Total	\$767,146	\$128,850	\$16,101	\$0	\$622,195	0.0

Major Differences from the Request

The recommendation includes the following major differences from the request:

R1/BA1 State Share of Districts' Total Program Funding: Staff's recommendation for the state share of districts' total program funding differs from the request due to the requirement to include current law appropriations in the Long Bill. Based on guidance from OLLS regarding a condition being met to pause the implementation of H.B. 24-1448, staff recommends the state share of districts' total program funding based on calculations pursuant to the old formula as opposed to the new formula. However, staff's recommendation for *the General Fund contribution (an increase of \$150.0 million from FY 2024-25) is equal to the Governor's request.*

Allocation of Amendment 23 increase for R2/BA7 Categorical Programs Increase: Amendment 23 requires an inflationary increase of \$12.5 million for categorical programs in FY 2025-26. Statue requires the General Assembly to fully fund the cost of special education for students with disabilities, the cost of which exceeds the required Amendment 23 increase. Staff recommendation *exceeds the request by \$10.8 million* in order to fully fund special education and provide increases to the other seven categorical programs as requested.

BA2 Additional At-Risk Funding: The Governor's January 2nd budget letter acknowledged agreement with staff's proposal to eliminate at-risk per pupil additional funding (\$5.0 million SEF) and at-risk supplemental aid (\$7.0 million SPSF), but simultaneously requested \$12.0 million General Fund for "additional at-risk funding". *Staff does not recommend* this request for reasons described in the discussion of BA2 and the staff-initiated proposal to cut the other two similarly-named line items.

Mill Levy Override Match Funding: The request reflects a continuation appropriation of \$15.7 million cash funds from the Mill Levy Override Match Fund with no placeholder identified for a transfer into the fund for FY 2025-26. *Staff does not recommend funding the mill levy override match program in the Long Bill.* The FY 2025-26 cost has not been modeled, as staff is assuming that the General Assembly will make significant statutory changes to the allocation model in the School Finance Act or separate legislation, if the program is funded at all.

(3) School District Operations

This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts. The following tables summarize staff’s recommendation for the (A) Public School Finance and (B) Categorical Programs subdivisions within the School District Operations division. All of the other subdivisions and line items were presented at an earlier date.

School District Operations - (A) Public School Finance						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$5,620,709,236	\$4,240,792,869	\$1,379,916,367	\$0	\$0	18.5
Total FY 2024-25	\$5,620,709,236	\$4,240,792,869	\$1,379,916,367	\$0	\$0	18.5
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$5,620,709,236	\$4,240,792,869	\$1,379,916,367	\$0	\$0	18.5
Annualize prior year budget actions	130,623	128,850	1,773	0	0	0.0
Technical adjustments	0	0	0	0	0	0.0
BA2 Additional At risk funding	0	0	0	0	0	0.0
SI At-Risk Per Pupil Addt'l Funding	0	0	0	0	0	0.0
R1/BA1 State share of total program	-194,444,097	150,000,000	-344,444,097	0	0	0.0
Annualize prior year legislation	-15,841,399	-24,240	-15,817,159	0	0	0.0
SI At-Risk Supplemental Aid	-7,009,989	0	-7,009,989	0	0	0.0
Total FY 2025-26	\$5,403,544,374	\$4,390,897,479	\$1,012,646,895	\$0	\$0	18.5
Increase/-Decrease from FY 2025-26	-\$217,164,862	\$150,104,610	-\$367,269,472	\$0	\$0	0.0
Percentage Change	-3.9%	3.5%	-26.6%	n/a	n/a	0.0%
FY 2025-26 Executive Request						
FY 2025-26 Executive Request	\$5,382,619,847	\$4,402,897,479	\$979,722,368	\$0	\$0	18.5
Staff Rec. Above/-Below Request	\$20,924,527	-\$12,000,000	\$32,924,527	n/a	n/a	0.0

School District Operations - (B) Categorical Programs						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$710,711,911	\$163,765,474	\$378,125,185	\$229,255	\$168,591,997	110.1
Total FY 2024-25	\$710,711,911	\$163,765,474	\$378,125,185	\$229,255	\$168,591,997	110.1
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$710,711,911	\$163,765,474	\$378,125,185	\$229,255	\$168,591,997	110.1
SI Informational funds adjustment	44,772,447	0	0	0	44,772,447	0.0
R2/BA7 Categorical programs increase	23,280,054	0	23,280,054	0	0	0.0
Annualize prior year budget actions	622,195	0	0	0	622,195	0.0
Total FY 2025-26	\$779,386,607	\$163,765,474	\$401,405,239	\$229,255	\$213,986,639	110.1

School District Operations - (B) Categorical Programs						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Increase/-Decrease from FY 2025-26	\$68,674,696	\$0	\$23,280,054	\$0	\$45,394,642	0.0
Percentage Change	9.7%	0.0%	6.2%	0.0%	26.9%	0.0%
FY 2025-26 Executive Request	\$723,836,641	\$163,765,474	\$390,627,720	\$229,255	\$169,214,192	110.1
Staff Rec. Above/-Below Request	\$55,549,966	\$0	\$10,777,519	\$0	\$44,772,447	0.0

Decision Items – Assistance to Public Schools, (A) Public School Finance

→ R1/BA1 State Share of Total Program Funding [Requires Legislation]

Request

The Governor’s R1/BA1 request for total program funding proposes the following policy changes related to the school finance formula:

- Eliminate student averaging in the new (H.B. 24-1448) formula;
- Eliminate student averaging and the extra 0.5% in the old formula for the hold harmless calculation; and
- Cap Building Excellent Schools Today (BEST) cash grants and use the savings for school finance.

The November request also included changes to the implementation timeline (7 years instead of 6) and percentages (10 percent in the first year instead of 18 percent). The revised January request went back to a six-year timeline with 18 percent implemented in the current year, but proposes changes to later year implementation as shown below.

HB 1448 Implementation Timeline			
	Current Law	January R1/BA1 Proposal	OSPB Estimated Savings (millions)
FY 2025-26	18.0%	18.0%	\$0.0
FY 2026-27	34.0%	30.0%	\$22.0
FY 2027-28	50.0%	50.0%	\$0.0
FY 2028-29	66.0%	62.0%	\$22.0
FY 2029-30	82.0%	82.0%	\$0.0
FY 2030-31	100.0%	100.0%	\$0.0

According to estimates prepared by Legislative Council Staff, the Governor’s proposal would **decrease total program by \$167.5 million in FY 2025-26** compared to what total program would be if the new formula is implemented as passed. **Of this amount, \$164.3 million is savings to the state share of total program funding.** These savings are primarily attributable to

the proposed elimination of 4-year to averaging, which is estimated to reduce the funded pupil count by 11,806 in FY 2025-26.

Recommendation

Governor's R1/BA1

The Governor's R1/BA1 proposal requires legislative changes that carry significant policy implications; staff therefore expects that legislation to modify implementation of the new school finance formula will not be sponsored by the JBC. **While it is not JBC staff's place to recommend policy changes, staff does note that implementing the new formula in H.B. 24-1448 as planned is not financially sustainable under current projections.** This assertion is discussed in detail in the Sustainability Plan required pursuant to Section 22-54-103.3 (4), C.R.S., which is presented in conjunction with this document.

The recommendation related to capping BEST was analyzed during the non-school finance portions of the Department of Education figure setting. The Committee approved staff recommendation to cap total annual revenue to the BEST program at \$150.0 million, which is estimated to increase funding available for school finance through the State Public School Fund by \$50.8 million in FY 2025-26 and \$30.0 million in later years. These amounts have been incorporated into the total program scenarios modeled for this document and in the accompanying Sustainability Plan.

Current Law for Long Bill

The Long Bill is required to be written to current law. For FY 2024-25 through FY 2029-30, H.B. 24-1448 establishes conditions that, if met, pause the implementation of the new formula during the phase-in period¹. The conditions include the following:

- the change in local share of total program is less than inflation minus 2.0 percent over the prior year in a property tax assessment year or decreases by at least 2.0 percent in a property tax non-assessment year; or
- the March revenue forecast adopted by the JBC for budget balancing estimates that the income tax diversion to the State Education Fund will decrease by 5.0 percent or more in the current or next budget year.

Based on the December 2024 Legislative Council Staff revenue forecast, projected revenue to the SEF in FY 2024-25 is 9.9 percent lower than FY 2023-24. The diversion for FY 2023-24 includes a one-time true up of \$135.1 million to correct for historical transfer errors dating back to FY 2004-05.² Excluding the true-up, the FY 2024-25 diversion would be estimated to grow slightly (\$15.5 million) from FY 2023-24. Although the determination of whether one of the

¹ Section 22-54-103.3 (5)(b)

² https://leg.colorado.gov/sites/default/files/images/corrections_of_prior-year_transfers_to_the_state_education_fund.pdf

conditions is met is based on whichever March revenue forecast the JBC adopts, LCS and OSPB do not expect the decrease in FY 2024-25 to be less than the 5.0 percent threshold.

Projected Income Tax Revenue to SEF		
Fiscal Year	Income Tax	Year over Year % Change
FY 2023-24*	1,209.0	
FY 2024-25	1,089.4	-9.9%
FY 2025-26	1,171.4	7.5%

*Includes a \$135.1 million one-time correction initiated by Legislative Council Staff in June 2024 to account for historical errors.

Under a plain reading of current law, one of the conditions to pause the implementation of the new formula has likely been met. The Attorney General issued a memo stating that “A court is most likely to conclude that the phrase ‘the income tax diversion to the state education fund,’ as used in § 22-54-103.3(5)(c)(I)(C), C.R.S., should be construed to refer to transfers reflecting current-year revenues under § 22-55- 103(2)(b)(I) and (II), C.R.S., excluding transfers correcting for prior-year errors under § 22-55-103(2)(b)(III), C.R.S.”.

The Office of Legislative Legal Services does not agree with this conclusion. Legal Services’ opinion is that based on the plain language of the provision, the most likely interpretation is that the base year should likewise include all diversions required by the constitution, including transfers that have correction adjustments from prior years. However, in light of the fact that the base year is not explicitly identified, it is possible that a court could determine that there is an ambiguity, and if there is an ambiguity, they could consider legislative history to determine that the base year was only intended to include 1/3 of one percent for the base year.

Pursuant to guidance from OLLS, staff assumes that implementation of H.B. 24-1448 will be paused and recommends the Long Bill include the state share of districts’ total program funding calculated under the 1994 formula, as shown below:

Staff Rec. Fund Sources for State Share of Districts' Total Program			
	FY 2024-25 Adjusted Appropriation	FY 2024-25 Recommendation	Annual Change
Local Share	\$4,186,738,872	\$4,561,663,815	\$374,924,943
State Share¹	\$5,586,413,876	\$5,391,969,779	-\$194,444,097
General Fund	4,238,686,861	4,388,686,861	150,000,000
Cash Funds - State Education Fund	1,273,281,247	891,192,803	-382,088,444
Cash Funds - State Public School Fund	74,445,768	112,090,115	37,644,347
Total Program	\$9,773,152,748	\$9,953,633,594	\$180,480,846

¹ Includes \$24,559,880 for Extended High School programs, which is calculated as part of the formula but shown in the Long Bill as a separate line item.

Section 22-54-103.3 (5)(b)(I), C.R.S., requires the Joint Budget Committee to “promptly notify” the Speaker of the House, Senate President, House and Senate Minority Leaders, House and Senate Education Committees, and the Commissioner of the Department of Education if the

Committee “determines” that one of the conditions described above has been met. Staff assumes that a letter from the JBC would meet the notification requirement.

Analysis

House Bill 24-1448 enacted a new school finance formula, to begin in FY 2025-26 and be phased in over a six-year period. A detailed explanation of the new formula can be found in a [separate memorandum](#) on the School Finance section of the Legislative Council Staff website. The biggest difference between the old and new formulas is that the 1994 formula structure is multiplicative, meaning that the district adjustments made to the base for the cost of living and size factors flow through to the amount of funding that districts receive for at-risk students and English Language Learners. The new formula is additive, meaning that each factor is calculated directly using the base per pupil amount in the new formula, and then funding for each factor is additively summed to calculate district total program funding. The new formula changes the way the existing factors are calculated, creates two new factors (special education funding and locale), and removes the recently created rural funding factor.

If none of the conditions to pause the implementation of H.B. 24-1448 described above are met, current law requires 18 percent implementation of the new formula in FY 2025-26 with a hold harmless calculation. The Governor’s R1/BA1 proposal would provide for 18 percent implementation of the new formula as planned, while cutting 4-year averaging from the new formula and the old formula for purposes of the hold harmless calculation. The following charts show a comparison of total program and the state share under the old formula (recommended for the Long Bill), H.B. 24-1448 as passed, and the Governor’s proposal. The state share decreases in FY 2025-26 under all three models; this is partially due to significant property tax relief provided in FY 2024-25 expiring and shifting costs back onto the local share. The most important budgetary consideration for any of the formula models is how large of a General Fund increase would be required annually in order to draw down the balance of the State Education Fund at a sustainable rate. The Sustainability Plan required by H.B. 24-1448 provided in an accompanying document examines those considerations for these three scenarios in addition to a three-year averaging scenario.

Total Program Funding:

Total Program Scenarios (\$ millions)						
	Old Formula		HB 24-1448		Governor R1/BA1	
	Total Program	Change From Prior Year	Total Program	Change From Prior Year	Total Program	Change From Prior Year
FY 2024-25	\$9,773.2		\$9,773.2		\$9,773.2	
FY 2025-26	\$9,953.6	\$180.5	\$10,051.8	\$278.7	\$9,884.3	\$111.2
FY 2026-27	\$10,142.6	\$189.0	\$10,321.9	\$270.0	\$10,155.8	\$271.5
FY 2027-28	\$10,328.7	\$186.0	\$10,601.0	\$279.2	\$10,470.5	\$314.7
FY 2028-29	\$10,535.5	\$206.8	\$10,900.5	\$299.5	\$10,751.4	\$280.9

State Share Only:

State Share Scenarios (\$ millions)						
	Old Formula		HB 24-1448		Governor R1/BA1	
	State Share	Change From Prior Year	State Share	Change From Prior Year	State Share	Change From Prior Year
FY 2024-25	\$5,586.4		\$5,586.4		\$5,586.4	
FY 2025-26	\$5,392.0	-\$194.4	\$5,487.8	-\$98.6	\$5,323.6	-\$262.9
FY 2026-27	\$5,623.0	\$231.1	\$5,799.7	\$311.8	\$5,635.2	\$311.6
FY 2027-28	\$5,641.5	\$18.5	\$5,906.7	\$107.0	\$5,779.0	\$143.8
FY 2028-29	\$5,794.3	\$152.8	\$6,149.5	\$242.8	\$6,003.9	\$225.0

Evidence Level

The Department classified this request as “evidence-informed”. Evidence-informed means that the best available research evidence supports the effectiveness of the program or practice, as demonstrated by at least one quality evaluation that shows improvement over time. The Department provided multiple research citations indicating a link between increased funding and improved outcomes. The Department’s objective is “to provide a better quality education for all Colorado students” and the Department intends to use standardized assessment scores, college entrance exams, the statewide six-year graduation rate, and the statewide matriculation rate as the measures.

While there are identifiable outputs related to school finance, and staff agrees that the cited research shows a correlation between funding and outcomes, the Department does not control districts’ use of funds – or know which specific interventions/programs districts may use. Based on that, JBC staff disagrees that adding funding for school finance qualifies as an “intervention” that is intended to lead to a specific change with measurable outcomes. The local education providers will use this funding to support specific programs and interventions – but the Department does not control the use of those funds or know which interventions may be used. Staff does not believe that total program distributions through the school finance formula meet the definition of a program or practice, which is defined as ‘any explicitly defined intervention or approach with replicable elements that is hypothesized to improve specific outcomes for a clearly defined population.’ Thus, JBC staff has determined that the request is “ineligible” pursuant to H.B. 24-1428.

→ Staff-Initiated Eliminate At-Risk Per Pupil Additional Funding [Requires Legislation]

Request

The Department requested \$5.0 million from the State Education Fund for this line item. JBC staff proposed elimination of this funding as a balancing item during the briefing process; OSPB acknowledged agreement with the proposal in the January 2nd letter.

Recommendation

Section 22-54-136 (3)(a)(I), C.R.S., requires an annual appropriation of \$5.0 million for at-risk per pupil additional funding. Staff therefore recommends:

- An appropriation of \$5.0 million cash funds from the State Education Fund in the Long Bill to comply with current law; and
- That the Committee sponsor legislation to eliminate the required annual appropriation and overall framework for this funding distribution.

Analysis

At-Risk Per Pupil Additional Funding was created in S.B. 15-267 (School Finance) to provide additional funding to school districts and Institute charter schools for at-risk pupils. The program provides funding on a per pupil basis, calculated as \$5.0 million divided by the number of at-risk pupils statewide for the applicable budget year. In order to support the program, S.B. 15-267 increased the transfer of interest and income earned on the Public School (Permanent) Fund to the State Public School Fund by \$5.0 million per year. The fund source for this line item was switched from the SPSF to the SEF by H.B. 24-1448 due to changes that decreased Permanent Fund interest and income to the State Public School Fund. Statute requires the General Assembly to annually appropriate \$5.0 million for this purpose. In FY 2023-24, this distribution provided approximately \$12.36 per at-risk pupil.

H.B. 24-1448 increased the at-risk factor in the school finance formula from 0.12 to 0.25, except that districts with a funded pupil count of less than 7,000 and an at-risk percentage of more than 70 percent receive an additional 0.07, for a total at-risk factor of 0.32. Due to the increased support for at-risk students provided by the new formula, and the budgetary challenges of implementing said formula, staff recommends eliminating at-risk additional funding to generate \$5.0 million of annual savings in the State Education Fund to be put toward the cost of the school finance formula. This savings is already incorporated into modeling used for the Sustainability Plan.

→ Staff-Initiated Eliminate At-Risk Supplemental Aid

Request

The Department requested \$7,009,989 from the State Public School Fund for this line item. JBC staff proposed elimination of this funding as a balancing option during the briefing process; OSPB acknowledged agreement with the proposal in the January 2nd letter.

Recommendation

The General Assembly is not statutorily required to fund this program; staff therefore **recommends no appropriation for this line item in the Long Bill**. Additionally, staff recommends the program be repealed from statute as best practice for defunded programs, and also because changes made by H.B. 24-1448 will render the payments statutorily impossible to calculate under the new formula. However, given that H.B. 24-1448 caused the current statutory calculation to become unworkable, **staff recommends that the statutory cleanup be included in the School Finance Act**. If the Committee agrees that the change should be carried in the School Finance Act, staff will raise the issue with the sponsors and OLLS.

Analysis

House Bill 12-1345 (Public School Finance) created a program to provide supplemental aid to qualifying school districts and charter schools in three specific circumstances described below:

First, for charter schools authorized prior to July 1, 2004, in districts with more than 40 percent at-risk students, a district will receive supplemental aid for charter schools with a smaller percentage of at-risk students than the district average, while charter schools with a larger percentage of at-risk students than the district will receive supplemental aid directly. Second, for all charter schools in districts with less than 40 percent at-risk students, the school will usually receive supplemental aid if the school's percentage of at-risk students exceeds the district average. Third, charter schools authorized by the Charter School Institute (CSI) will receive supplemental aid if the percentage of at-risk students in those schools is less than the accounting district's percentage of at-risk students.

The bill provided an appropriation of \$3.8 million cash funds from the State Public School Fund in FY 2012-13. The Committee added this line item to the FY 2013-14 Long Bill and appropriated the same amount. In FY 2014-15, the General Assembly increased the appropriation to \$5.1 million in an effort to fully fund the statutory calculation, and the appropriation remained at that level through FY 2020-21. For FY 2021-22, the General Assembly reduced the appropriation by \$250,000 (to \$4,844,358) based on recent expenditures under the line item as expenditures had consistently been below the appropriation. During the 2023-24 fiscal year, the Department became aware that it had been erroneously excluding some districts and charter schools from the calculations since FY 2013-14. The affected districts were compensated for errors in the previous four years at a cost of \$1.6 million through a supplemental increase in the School Finance Audit Payments line, and the appropriation for At-risk Supplemental Aid was increased to \$7,009,989 in FY 2023-24 and FY 2024-25.

While a proration is statutorily allowed if the appropriation is not sufficient to fund the calculated payments, JBC staff has recommended fully funding the cost each year based on the General Assembly’s intent to fully fund this line item starting in FY 2014-15.

It was also brought to staff’s attention that the definitions in Section 22-30.5-112.1, C.R.S., used to compute adjusted district per pupil revenues for charter schools, which is the basis for these at-risk supplemental aid payments, will no longer be viable under the new formula. The calculation for adjusted district per pupil revenue uses per pupil funding as the starting point, which is base funding with personnel costs factor, COL factor, etc. applied to that base funding. In the new formula, this per pupil amount no longer exists and there is no way to calculate what the supplemental aid payments would be. The Department agrees with this assessment.

Due to the increased support for at-risk students provided by the new formula, and the budgetary challenges of implementing said formula, staff recommends eliminating at-risk additional funding to generate \$7.0 million of annual savings in the State Public School Fund. This savings is already incorporated into modeling used for the Sustainability Plan.

→ BA2 At-Risk Additional Funding [Requires Legislation]

Request

The Governor’s January request includes a one-time appropriation of \$12.0 million General Fund for additional at-risk funding. It is unclear to staff whether this request is meant to create a new line item, or switch the fund source and increase the appropriation for the “at risk per pupil additional funding” line item that already exists in statute and is discussed above (as a recommended cut).

Recommendation

Staff recommends denial of the request. The Governor’s January 2nd budget letter acknowledged agreement with staff’s proposal to eliminate at-risk per pupil additional funding (\$5.0 million SEF) and at-risk supplemental aid (\$7.0 million SPSF), but simultaneously requested \$12.0 million General Fund for “additional at-risk funding”. Staff does not recommend this request for reasons described in the discussions of similar line items above and additional reasons listed below.

Analysis

The request states that “FY 2025-26 may present challenges for districts due to uncertainty around accurately accounting for all at-risk students alongside the first year of implementation of the new school finance formula.” The new school finance formula significantly increases the weight given to the at-risk factor, and implementation of the new formula is a separate issue from recent and proposed changes in the methodology for counting at-risk students, which is also cited as a reason for the request. House Bill 22-1202 created a new at-risk measure that has yet to be implemented. However, it is staff’s understanding that changes to the at-risk

methodology would likely result in an increase in the at-risk count (resulting in more funding), and that legislation would include some sort of hold-harmless provision.

This funding would be distributed on a per pupil basis and provide approximately \$31 each for an estimated 387,522 at-risk pupils. This request requires legislation to create a new framework for distribution or modify Section 22-54-136 (3)(a)(I), C.R.S., which requires an annual appropriation of \$5.0 million for at-risk per pupil additional funding (which staff has recommended to cut). Due to the increased support for at-risk students provided by the new formula, and the budgetary challenges of implementing said formula, staff does not recommend this request. Additionally, this issue would be more appropriately dealt with in the School Finance Act or legislation related to the implementation of the new at-risk factor.

Line Item Detail

(A) Public School Finance

Administration

This line item includes funding to support Department staff who administer the School Finance Act. This unit oversees the Financial Policy and Procedures Advisory Committee, and provides technical assistance to school districts related to statutory and regulatory budgetary, accounting, and reporting requirements. This unit works with the State Treasurer's Office to intercept charter school debt payments, and with the Department of Human Services to withhold School to Work Alliance Program matching funds for vocational rehabilitation. This unit also distributes funding for other programs, including facility school funding, transportation reimbursements, small attendance center aid, grant writing funds for boards of cooperative services, and concurrent enrollment funding.

This line item also supports an audit team to ensure compliance related to funds that districts receive for school finance, public school transportation, and English language proficiency programs, as well as funds that facility schools and state agencies receive for education programs.

As authorized by S.B. 09-215, this line item was funded with "off-the-top" funding from the State Share of Districts' Total Program Funding from FY 2009-10 through FY 2020-21. This funding mechanism was reinstated in 2009 to reduce General Fund expenditures and maintain critical Department functions. However, for FY 2021-22, the General Assembly transitioned back to supporting the line item with direct appropriations from the General Fund, in addition to a smaller appropriation from the State Education Fund. As a result, school finance administration is no longer holding funds back from distribution to school districts through the school finance formula.

Statutory authority: Sections 22-2-112, 22-2-113, and 22-54-114 (2.3), C.R.S.

Request and Recommendation: **Staff recommends approval of the request**, as shown below.

School District Operations, Public School Finance, Administration						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$2,467,046	\$2,106,008	\$361,038	\$0	\$0	17.5
Total FY 2024-25	\$2,467,046	\$2,106,008	\$361,038	\$0	\$0	17.5
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$2,467,046	\$2,106,008	\$361,038	\$0	\$0	17.5
Annualize prior year budget actions	130,623	128,850	1,773	0	0	0.0
Annualize prior year legislation	-125,860	-24,240	-101,620	0	0	0.0
Total FY 2025-26	\$2,471,809	\$2,210,618	\$261,191	\$0	\$0	17.5
Changes from FY 2024-25	\$4,763	\$104,610	-\$99,847	\$0	\$0	0.0
Percentage Change	0.2%	5.0%	-27.7%	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$2,471,809	\$2,210,618	\$261,191	\$0	\$0	17.5
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Financial Transparency System Maintenance

The General Assembly added this line item to the FY 2018-19 Long Bill to support the ongoing maintenance of the financial transparency system authorized in H.B. 14-1292 (Student Success Act). The original legislation transferred \$3.0 million cash funds from the State Education Fund to the newly created Financial Reporting Fund and continuously appropriated those funds to the Department for FY 2014-15 through FY 2017-18 to create a financial transparency system allowing for the comparison of expenditures across schools, districts, and other local education providers. The fund became subject to legislative appropriation in FY 2018-19 and subsequent years.

The Final Fiscal Note for H.B. 14-1292 assumes ongoing expenses of \$600,000 per year to maintain the system. For FY 2020-21, the General Assembly reduced the appropriation to \$462,000 total funds based on revised contract information. For FY 2021-22, the General Assembly approved the Department’s request to reduce funding for this line item and operate and maintain the system “in house” rather than contracting for the operation and maintenance of the system.

Statutory authority: Section 22-44-105, C.R.S

Request: The Department requests a continuation appropriation of \$92,786 cash funds from the State Education Fund and an associated 1.0 FTE.

Recommendation: **Staff recommends approving the request.**

State Share of Districts’ Total Program Funding

The State Share of Districts’ Total Program Funding line item provides for the State’s share of funding under the statutory school finance formula; the appropriation *does not reflect the local*

share of funding. The recommendation for this line item is discussed in R1/BA1 (State Share of Total Program) earlier in this document.

Statutory Authority: Section 22-54-101, et seq., C.R.S.

Request and Recommendation: The request and recommendation are discussed in the R1/BA1 section of this document. As previously stated, staff recommendation for the Long Bill is based on current law and the assumed determination that a condition to pause the implementation of H.B. 24-1448 has been met.

School District Operations, Public School Finance, State Share of Districts' Total Program Funding						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$5,564,037,156	\$4,238,686,861	\$1,325,350,295	\$0	\$0	0.0
Total FY 2024-25	\$5,564,037,156	\$4,238,686,861	\$1,325,350,295	\$0	\$0	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$5,564,037,156	\$4,238,686,861	\$1,325,350,295	\$0	\$0	0.0
R1/BA1 State share of total program	-196,627,257	150,000,000	-346,627,257	0	0	0.0
Total FY 2025-26	\$5,367,409,899	\$4,388,686,861	\$978,723,038	\$0	\$0	0.0
Changes from FY 2024-25	-\$196,627,257	\$150,000,000	-\$346,627,257	\$0	\$0	0.0
Percentage Change	-3.5%	3.5%	-26.2%	n/a	n/a	n/a
FY 2025-26 Executive Request	\$5,316,370,554	\$4,388,686,861	\$927,683,693	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$51,039,345	\$0	\$51,039,345	\$0	\$0	0.0

Extended High School

This line item was included in the FY 2024-25 Long Bill to include the portion of the state share of districts' total program funding that is attributable to extended high school programs. Extended high school pupils are funded at a flat rate (\$10,480 per pupil for FY 2025-26). The estimated FY 2025-26 cost of this line is \$24.6 million. Of this amount, \$20.8 million is for Accelerating Students through Concurrent Enrollment (ASCENT), \$2.6 million is for Teacher Recruitment Education and Preparation (TREP), and \$1.1 million is for Pathways in Technology Early College High Schools (P-Tech).

Statutory Authority: Section 22-54-101, et seq., C.R.S.

Request and Recommendation: The Department does not formally request funding for this line item, it is calculated through the school finance formula model. Legislative Council Staff estimates the cost of FY 2025-26 of extended high school programs at \$24.6 million. Staff recommends this amount as a component of total program funding. Staff is aware of discussions to decrease or eliminate use of the ASCENT program through separate legislation. Any cost savings from those changes would be reflected in that legislation.

School District Operations, Public School Finance, Extended High School						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$22,376,720	\$0	\$22,376,720	\$0	\$0	0.0
Total FY 2024-25	\$22,376,720	\$0	\$22,376,720	\$0	\$0	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$22,376,720	\$0	\$22,376,720	\$0	\$0	0.0
R1/BA1 State share of total program	2,183,160	0	2,183,160	0	0	0.0
Total FY 2025-26	\$24,559,880	\$0	\$24,559,880	\$0	\$0	0.0
Changes from FY 2024-25	\$2,183,160	\$0	\$2,183,160	\$0	\$0	0.0
Percentage Change	9.8%	n/a	9.8%	n/a	n/a	n/a
FY 2025-26 Executive Request	\$19,949,170	\$0	\$19,949,170	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$4,610,710	\$0	\$4,610,710	\$0	\$0	0.0

School Finance Audit Payments

The General Assembly added this line item to the FY 2021-22 Long Bill to support audit payments to school districts pursuant to Sec. 22-2-113 (10)(j), C.R.S. The Department makes these payments to make up for previous underpayments to school districts and schools that are discovered through the audit process. Prior to FY 2020-21, the Department had made audit payments to districts from audit revenues collected from districts and deposited to the State Public School Fund. The payments out to districts were not specifically appropriated and were effectively off budget. However, in FY 2020-21, the anticipated payments exceeded anticipated revenues, requiring an additional appropriation which the General Assembly included in the annual school finance bill (H.B. 20-1418). The Department requested the creation of the new Long Bill line item for FY 2021-22 to reflect anticipated audit payments on a more transparent basis.

Statutory Authority: Section 22-2-113 (1)(j), C.R.S.

Request: The Department requests a continuation of \$3.0 million cash funds from the State Public School Fund.

Recommendation: **Staff recommends approval of the request.**

At-Risk Supplemental Aid

House Bill 12-1345 created a program to provide supplemental aid to qualifying school districts and charter schools. The bill provided an appropriation of \$3,839,627 cash funds from the State Public School Fund, originating as audit recoveries, in FY 2012-13. The Committee added this line item to the FY 2013-14 Long Bill and appropriated the same amount. In FY 2014-15, the General Assembly increased the appropriation to \$5,094,358 cash funds from the State Public School Fund in an effort to fully fund the statutory calculation, and the appropriation remained at that level through FY 2020-21. For FY 2021-22, the General Assembly reduced the

appropriation by \$250,000 (to \$4,844,358) because recent expenditures had consistently been below the appropriation. During the 2023-24 fiscal year, the Department became aware that it had been erroneously excluding some districts and charter schools from the calculations since FY 2013-14. The affected districts were compensated for errors in the previous four years at a cost of \$1.6 million through a supplemental increase in the School Finance Audit Payments line and the appropriation for At-risk Supplemental Aid was increased to \$7,009,989 for FY 2023-24 and FY 2024-25.

Statutory Authority: Section 22-30.5-112.2, C.R.S.

Request: The Department requests \$7,009,989 from the State Public School Fund, which is a continuation level of funding.

Recommendation: **Staff recommends eliminating funding for this line item**, as discussed previously in this document.

At-Risk Per Pupil Additional Funding

Created in S.B. 15-267 (School Finance) and first funded in FY 2015-16, this line item provides additional funding to school districts and Institute charter schools for at-risk pupils. The program provides funding on a per pupil basis, calculated as \$5.0 million divided by the number of at-risk pupils statewide for the applicable budget year. In order to support the program, S.B. 15-267 increased the transfer of interest and income earned on the Public School (Permanent) Fund to the State Public School Fund by \$5.0 million per year (see Section 22-41-102 (3) (e), C.R.S.) and dedicated that funding to the At-risk Per Pupil Additional Funding program beginning in FY 2015-16. The fund source for this line item was switched from the SPSF to the SEF by H.B. 24-1448 due to changes that decreased Permanent Fund interest and income diversions to the SPSF. Statute requires the General Assembly to annually appropriate \$5.0 million for this purpose

Statutory Authority: Section 22-54-136, C.R.S.

Request: The Department requests \$5.0 million cash funds from the State Education Fund.

Recommendation: **Staff recommends \$5.0 million from the State Education Fund because the appropriation is statutorily required**, as discussed earlier in this document.

District Per Pupil Reimbursement for Juveniles Held in Jail

Section 22-32-141 (4), C.R.S., requires the General Assembly to appropriate moneys to reimburse school districts for educational services provided to juveniles held in jails. This line item has historically provided funding for two types of expenses:

- Funding for all juveniles receiving educational services in jail (whether or not they were included in a district's pupil enrollment): The district providing educational services receives the daily rate established for facility schools for each day of service (recognizing that they are only required to provide four hours of educational services per week).

- Funding for juveniles who were not included in a district's pupil enrollment: The district providing educational services can receive reimbursement for costs incurred up to state average per pupil revenue, prorated for the period services are provided.

Statutory Authority: Section 22-32-141 (4), C.R.S.

Request: The Department requests a continuation appropriation of \$10,000 cash funds. This appropriation has been funded from the State Education Fund in recent years. However, Section 22-54-114 (4)(b), C.R.S., requires the State Public School Fund to pay for these reimbursements.

Recommendation: **Staff recommends approving the request** with a change to the funding source from the State Education Fund to the State Public School Fund. Staff notes that the appropriation has not been used in recent years and may not be necessary. However, current law requires the Department to provide reimbursement if requested and the General Assembly has maintained the appropriation for that reason.

Additional Funding for Rural Districts and Institute Charter Schools [Discontinued Line Item]

The General Assembly added this line item to the FY 2021-22 Long Bill to support additional per pupil payments to rural school districts and institute charter schools pursuant to H.B. 20-1427 (Cigarette Tobacco & Nicotine Products Tax) and Proposition EE (adopted by the voters at the November 2020 election). H.B. 20-1427 required distributions of \$25.0 million, \$30.0 million, and \$35.0 million in FY 2020-21, FY 2021-22, and FY 2022-23, respectively. S.B. 23-287 (Public School Finance) appropriated \$30.0 million from the State Education Fund for this purpose.

Similar to “one-time” distributions provided in FY 2018-19 and FY 2019-20, the H.B. 20-1427 and S.B. 23-287 directed per pupil distributions to rural school districts and institute charter schools on the following basis:

- 55.0 percent of the total funding is distributed to large rural districts (districts that the Department has identified as rural that have between 1,000 and 6,500 pupils in kindergarten through 12th grade) and to institute charter schools located in those districts.
- 45.0 percent of the total funding is distributed to small rural districts (districts that the Department has identified as rural that have less than 1,000 pupils in kindergarten through 12th grade). Although it is less than half of the total funds, the per pupil distributions for these districts are higher because that amount of funding is applied to a smaller number of pupils.

Statutory Authority: Section 22-54-145, C.R.S.

Request: The Department did not request any funds for this purpose.

Recommendation: **Staff recommends approving the request.**

Mill Levy Override Matching Pursuant to Section 22-54-107.9, C.R.S.

The request includes a line item to reflect the mill levy override matching program created in S.B. 22-202 (State Match for Mill Levy Override Revenue), which transferred \$10.0 million from the General Fund to the Mill Levy Override (MLO) Match Fund and made a corresponding appropriation. In an attempt to address funding inequities among districts, this program provides state matching funds for qualifying school districts and Charter School Institute (CSI) schools that raise local revenue through the passage of mill levy overrides. S.B. 23-287 (Public School Finance) transferred \$23.4 million (the estimated cost to fully fund the program) from the State Education Fund to the MLO Match Fund and made a corresponding appropriation for FY 2023-24. The actual FY 2023-24 cost was \$21.1 million; \$2.2 million remained in the MLO Match Fund and was put toward changes to the program in H.B. 24-1448 (New Public School Finance Formula). H.B. 24-1448 made changes to the MLO Match program effective for FY 2023-24 only at a cost of \$11.4 million.

H.B. 24-1448 also created a working group that met over the 2024 legislative interim to make recommendations on how the program could be modified to provide a more equitable funding distribution and greater access for eligible districts. The working group recommendations³ include changes that would determine rural and small rural district allocations through an alternative model, and non-rural district allocations through the existing model, with some alterations. Should the appropriation for the program be less than the total cost, only the allocation for non-rural districts will be scaled back proportionally. S.B. 24-188 (Public School Finance) transferred \$15.7 million (the estimated cost to fully fund the program) from the SEF to the MLO Match Fund in FY 2024-25. The actual cost to fully fund the program under current law in FY 2024-25 is \$26.9 million spread across 27 districts. The FY 2024-25 cost to fully fund the program using the allocation model recommended by the working group is \$21.3 million spread across 8 urban districts and 23 rural/small rural districts. Payments do not go to districts until the end of the fiscal year.

Statutory Authority: Section 22-54-107.9, C.R.S.

Request: The request includes a continuation appropriation of \$15.7 million cash funds from the Mill Levy Override Match Fund for FY 2025-26; it does not take the required transfer or most recent program estimates into account.

Recommendation: As discussed in the “Major Changes from the Request” section, **staff does not recommend funding the mill levy override matching program in the Long Bill.** The FY 2025-26 cost has not been modeled at this time, as staff is assuming that the General Assembly will make significant statutory changes to the allocation model in the School Finance Act or separate legislation, if the program is continued at all. State Education Fund models used for this document assume no funding for this program in FY 2025-26 and onward.

³ https://leg.colorado.gov/sites/default/files/images/final_-_mlo_match_working_group_final_report_remediated.pdf

Contingency Reserve Fund

The Contingency Reserve Fund provides a fund source for the State Board of Education to assist school districts facing specific circumstances. Section 22-54-117 (1), C.R.S., authorizes the State Board to approve payments from the Contingency Reserve Fund to assist school districts under the following circumstances:

- financial emergencies caused by an act of God or arising from extraordinary problems in the collection of taxes;
- financial emergencies caused by nonpayment of property taxes pending the outcome of an administrative appeal or litigation or both challenging the inclusion of the value of certain property in a county's abstract of assessment, which resulted from a change in the applicable state law;
- revenues are insufficient to make abatements and refunds of property taxes;
- unforeseen contingencies (e.g., reductions in valuation exceeding 20 percent);
- unusual financial burden caused by the instruction of court-ordered or agency-placed non-resident children;
- unusual financial burden caused by the instruction of children who move into the district following the pupil count date (applies to small districts only);
- unusual financial burden caused by a significant enrollment decline pursuant to a reorganization;
- beginning in FY 2016-17, unusual financial burden caused by a significant reduction in assessed value within a district whose state share of total program prior to the application of the budget stabilization factor was less than 0.5 percent of total program funding in the previous budget year and the reduction in assessed value is causing a negative factor reduction in the budget year (repealed July 1, 2025);
- For the FY 2021-22 through FY 2023-24 budget years, unusual financial burden caused by the withholding of local property taxes for a rural or small rural school district because of a delay in filing the audit report due to extraordinary problems that could not have been reasonably foreseen or prevented by the district (repealed July 1, 2026); and
- in cases of extreme emergency, other factors that affect the ability of the district to maintain its schools without additional financial assistance.

Section 22-54-117 (1) (a), C.R.S., indicates that, "In deciding the amount to be appropriated to the contingency reserve, the general assembly may take into consideration any recommendations made by the department of education, but nothing in this section shall be construed to obligate the general assembly to provide supplemental assistance to all districts determined to be in need or fully fund the total amount of such need."

Please note that pursuant to Section 22-54-117 (1) (c), C.R.S., when a school district reimburses the State for supplemental assistance received from the Contingency Reserve, the reimbursement is credited to the Contingency Reserve Fund rather than the General Fund. Thus, these repayments may then be made available to meet other districts' needs.

Statutory Authority: Section 22-54-117, C.R.S.

Request: The Department requests a continuation appropriation of \$1.0 million cash funds from the Contingency Reserve Fund, with no change from the FY 2024-25 appropriation.

Recommendation: **Staff recommends approving the request.** To date, the Department has not identified a need to use the Contingency Reserve Fund in the current year. Without use of the fund in FY 2024-25, the \$1.0 million currently in the fund would be available for appropriation in FY 2025-26. The recommendation will allow the Department to access the fund balance if needed in FY 2025-26.

Decision Items – Assistance to Public Schools, (B) Categorical Programs

→ R2/BA7 Categorical Programs Increase

Request

Amendment 23 requires the General Assembly to increase total state funding for all categorical programs (in aggregate) annually by at least the rate of inflation. The request, based on the actual Denver-Aurora-Lakewood inflation rate for CY 2024 (2.3 percent), seeks an increase of \$12.5 million cash funds from the State Education Fund to meet the requirement. The request proposes to allocate the increase among all eight, with two major components:

- Allocate \$8.6 million to special education programs for children with disabilities; and
- The remainder (\$3.8 million) would be distributed to seven other categorical programs using a method similar to previous years and as shown in the following table.

R2/BA7 Requested Increases in State Funding for Categorical Programs				
Long Bill Line Item	FY 2024-25 Appropriation	FY 2025-26 Request	Change in State Funding	Percent Change
Special Education - Children with Disabilities	\$375,565,176	\$384,203,175	\$8,637,999	2.3%
English Language Proficiency Program	34,602,428	35,866,264	1,263,836	3.7%
Public School Transportation	71,356,841	72,973,821	1,616,980	2.3%
Career and Technical Education Programs	31,993,182	32,689,057	695,875	2.2%
Special Education - Gifted and Talented Children	15,735,647	15,966,061	230,414	1.5%
Expelled and At-risk Student Services Grant Program	9,470,254	9,473,039	2,785	0.0%
Small Attendance Center Aid	1,604,359	1,606,548	2,189	0.1%
Comprehensive Health Education	1,112,772	1,115,829	3,057	0.3%
Total	\$541,440,659	\$553,893,794	\$12,453,135	2.3%

Recommendation

The Constitution requires an increase of at least \$12,453,135 for categorical programs in FY 2025-26. Additionally, the General Assembly’s stated intent in Section 22-20-114 (1)(c)(III)(D), C.R.S., is to “increase funding for special education services as necessary for the 2023-24 budget year and budget years thereafter to fully fund special education services”. Staff recommendation, shown on the table on page 27, is for an increase of \$23.3 million from the State Education Fund. **The recommendation exceeds the minimum required increase by \$10.8 million** to fully fund special education and provide increases for the other categories.

Analysis

Background

Programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation) have traditionally been referred to as "categorical" programs. Unlike public school finance funding, there is no legal requirement that the General Assembly increase funding commensurate with the number of students eligible for any particular categorical program. However, Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase *total state funding* for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years.

The General Assembly annually determines how to allocate the required increase among the various categorical programs. Since FY 2000-01, the General Assembly has increased annual state funding for categorical programs by \$399.3 million. In recent fiscal years, the General Assembly elected to increase state funding by more than the minimum, constitutionally-required amount, resulting in appropriations that are significantly higher than the minimum amount that would have otherwise been required.

Increases in State Funding for Categorical Programs Since FY 2000-01				
Long Bill Line Item	FY 2000-01 Appropriation	FY 2024-25 Appropriation	Total Increase in Annual Appropriation of State Funds	
Special Education - Children with Disabilities	\$71,510,773	\$375,565,176	\$304,054,403	425.2%
English Language Proficiency Program	3,101,598	34,602,428	31,500,830	1015.6%
Public School Transportation	36,922,227	71,356,841	34,434,614	93.3%
Career and Technical Education Programs	17,792,850	31,993,182	14,200,332	79.8%
Special Education - Gifted and Talented Children	5,500,000	15,735,647	10,235,647	186.1%
Expelled and At-risk Student Services Grant Program	5,788,807	9,470,254	3,681,447	63.6%
Small Attendance Center Aid	948,140	1,604,359	656,219	69.2%
Comprehensive Health Education	600,000	1,112,772	512,772	85.5%
Total	\$142,164,395	\$541,440,659	\$399,276,264	280.9%

The constitution also requires that money from the State Education Fund not supplant the level of General Fund appropriations existing on December 28, 2000, for categorical programs [see Section 17 (5) of Article IX of the Colorado Constitution]. Staff’s recommendations for this section maintain \$163,765,474 in General Fund appropriations to comply with this requirement. This provision actually requires the General Assembly to maintain an appropriation of at least \$141,765,474 General Fund (the amount appropriated as of December 28, 2000); however, the General Assembly added \$22.0 million General Fund to the Special Education Programs for Children with Disabilities line item in FY 2019-20 (appropriated in S.B. 19-246 (School Finance)).

Finally, please note that pursuant to Section 22-55-107 (3), C.R.S., for the 2008-09 budget year and each budget year thereafter, on or before February 15, "the education committees of the house of representatives and senate, or any successor committees, may submit to the joint budget committee of the general assembly a joint recommendation regarding the allocation of the increase in total state funding for all categorical programs as required by subsection (1) of

this section for the next budget year. The joint budget committee shall consider but shall not be bound by any joint recommendations made pursuant to this subsection (3) when developing the annual general appropriation bill for the budget year for which the joint recommendation is made". To date, these Committees have not made any such recommendation.

Staff's analysis of R2/BA7 summarizes the recommendation for how to distribute the required inflationary increase for FY 2025-26. A more detailed description of each categorical program line item, including a description of the funds available -- other than state funds -- can be found in the Line Item Detail section for categorical programs.

FY 2025-26 Recommended Allocation

Amendment 23 requires the General Assembly to increase total state funding for all categorical programs by \$12.5 million for FY 2025-26, based on the actual CY 2024 inflation rate of 2.3 percent. Section 22-20-114 (1)(c)(III)(D), C.R.S., added by S.B. 22-127 (Special Education Funding), states the General Assembly's intent to fully fund special education services beginning with the FY 2023-24 budget year. Special education funding for FY 2025-26 will be distributed based on the Special Education December Count data from December 2024, which is finalized in the spring of 2025. The Department's best estimate at this time is that an increase of \$18.6 million from the FY 2024-25 appropriation would be required to fully fund special education. Even if the Committee allocated the *entire* Amendment 23 increase to Special Education Programs for Children with Disabilities, **the appropriation would still be \$6.1 million short of fully funded.**

In most years, staff and the Department have used similar mechanisms to allocate the Constitutionally-required increases among categorical line items, with increases based on the difference between state and federal funding provided for a program and school districts' actual expenditures. Thus, programs with a larger gap between state and federal funds and total district expenditures (those for which school districts are absorbing the greatest cost within their budgets) receive the largest increase. During FY 2024-25 figure setting, staff initially recommended allocating the entire Amendment 23 increase to special education under the reasoning that recommendations in excess of the minimum are policy decisions. The Committee was dismayed at the prospect of the other categorical lines receiving no increases, and ultimately decided to fully fund special education in addition to providing increases to the other categories based on the request and using the expenditure gap allocation model. Staff's recommendation for the FY 2025-26 follows a similar approach to that used in FY 2024-25.

Staff recommendation, shown on the following table, is for an increase of \$23.3 million from the State Education Fund. **The recommendation exceeds the minimum required increase by \$10.8 million.** The recommendation does not include increases for prior year salary survey; it is typical not to award salary survey increases on top of the Amendment 23 increase, as that would increase the base to which the annual inflationary requirement is applied. The recommendation also includes \$827,701 to bring the Gifted and Talented increase to \$1,058,115, which is the third of five annual increases required by S.B. 23-287 for universal screening.

Staff Working Document – Does Not Represent Committee Decision

Increase from the State Education Fund for Categorical Programs in FY 2025-26									
Long Bill Line Item	Department Request				Staff Recommendation				
	Dept. Amend 23 Request	Salary Survey (SEF only)	SB 23-287 Annualization	Total SEF Request	Amend 23 Staff Rec.	Salary Survey (SEF only)	SB 23-287 Annualization	Total SEF Rec.	
Special education programs for children with disabilities	\$8,637,999	\$0	\$0	\$8,637,999	\$18,637,217	\$0	\$0	\$18,637,217	
English language proficiency programs	\$1,263,836	\$0	\$0	\$1,263,836	\$1,263,836	\$0	\$0	\$1,263,836	
Public school transportation	1,616,980	11,112	0	1,628,092	1,616,980	0	0	1,616,980	
Career and technical education	695,875	0	0	695,875	695,875	0	0	695,875	
Special education programs for gifted & talented children	230,414	4,184	0	234,598	230,414	0	827,701	1,058,115	
Expelled and at-risk student services grant program	2,785	19,776	0	22,561	2,785	0	0	2,785	
Small attendance center aid	2,189	0	0	2,189	2,189	0	0	2,189	
Comprehensive health education	3,057	14,328	0	17,385	3,057	0	0	3,057	
Subtotal: Everything but special education for children with disabilities	\$3,815,136	\$49,400	\$0	\$3,864,536	\$3,815,136	\$0	\$827,701	\$4,642,837	
Total Increase, All Categoricals	\$12,453,135	\$49,400	\$0	\$12,502,535	\$22,452,353	\$0	\$827,701	\$23,280,054	
								Increase above Amendment 23 requirement	\$10,826,919

Note: Staff recommends federally-funded salary survey increases as requested for Special education for children with disabilities and English language proficiency programs of \$601,817 and \$20,378, respectively.

i: Staff-Initiated Informational Funds Adjustment

The line item detail in the Categorical Programs subdivision includes a \$44.8 million increase to federal funds shown for informational purposes for Special Education Programs with Children with Disabilities and English Language Proficiency. The recommendation includes an increase to more accurately reflect federal funds currently provided for these two programs.

Line Item Detail

(B) Categorical Programs

(1) District Programs Required by Statute

Special Education Programs for Children with Disabilities

The federal *Individuals with Disabilities Education Act (IDEA)* and the state *Exceptional Children's Educational Act* [Article 20 of Title 22, C.R.S.] require school districts to provide free educational services to children, ages three to 21, who by reason of one or more conditions are unable to receive reasonable benefit from ordinary educational services. Districts are also required to provide free educational services to children "whose presence in the ordinary educational program is detrimental to the education of others and who must therefore receive modified or supplementary assistance and services in order to function and learn". Services provided must be individualized and appropriate for the specific needs of the child, and, to the extent possible, be provided in the least restrictive environment. Federal and state law require administrative units (usually a school district or a board of cooperative service) to provide all necessary services to children identified as having a disability regardless of the cost or other district needs and priorities.

In addition to total program funds districts receive to provide educational services to children with disabilities, districts are statutorily eligible to receive reimbursement for additional costs incurred in providing educational services to school-age children with disabilities. These reimbursements include federal funding and state funding (subject to available appropriations). Federal funds are generally allocated based on the total number of elementary and secondary students within the boundaries of each administrative unit, with a portion of the funding allocated based on the number of children living in poverty.

Pursuant to Sections 22-20-114 and 114.5, C.R.S., the Department allocates *state funds* among units as follows:

- "**Tier A**": Administrative units receive \$1,750 for each child with a disability who was reported on the prior year special education count. Senate Bill 22-127 (Special Education Funding) increased Tier A funding from \$1,250 to \$1,750 per student beginning in FY 2022-23. In addition, that bill requires Tier A funding to increase annually based on

inflation beginning in FY 2024-25. For FY 2024-25, districts received \$1,841 per identified student.

- **"Tier B":** Administrative units receive an additional \$6,000 per student for a percentage of the children reported on the prior year special education count with the following disabilities: intellectual disability; serious emotional disability; hearing impairment, including deafness; vision impairment, including blindness; deaf-blindness; autism spectrum disorders; traumatic brain injury, and multiple disabilities. S.B. 22-127 (Special Education Funding) added statutory language stating the General Assembly’s intent to fully fund special education services beginning with the FY 2023-24 budget year, which would result in an appropriation sufficient to provide \$6,000 per “Tier B” student.
- **"Tier C":** Administrative units receive grants for reimbursement of high costs incurred in providing special education services to a child in the preceding fiscal year. These grants are distributed based on recommendations from the Colorado Special Education Fiscal Advisory Committee, taking into consideration the magnitude of the high costs incurred by a unit in relation to its budget. A total of \$4.0 million is allocated for this purpose, including \$2 million for costs incurred to serve students within the school district, and \$2 million for costs incurred to serve students outside the district.
- **"Educational Orphans":** Up to \$500,000 is used to reimburse administrative units for excess costs paid to eligible facilities within the unit's boundaries for "educational orphans", those students with disabilities: (a) for whom parental rights have been relinquished or terminated; (b) the parents of whom are incarcerated or cannot be located; (c) the parents of whom reside out of the state but the Department of Human Services has placed such children within the administrative unit; or (d) who are legally emancipated.

Section 22-20-114 (1)(c)(III)(D), C.R.S., added by S.B. 22-127 (Special Education Funding), states the General Assembly’s intent to fully fund special education services beginning with the FY 2023-24 budget year.

Statutory authority: Sections 22-20-114 and 114.5, C.R.S.

Request: The Department requests an increase of \$8,637,999 for the Amendment 23 increase based on the model that considers the gap in state and federal funding versus district expenditures for each categorical program. The request also includes prior year salary increases paid by federal funds.

Recommendation: **Staff recommends an increase of \$18,637,217 from the State Education Fund to fully fund this line item consistent with Section 22-20-114 (1)(c)(III)(D), C.R.S.** The recommendation also includes an informational increase of \$44.4 million to more accurately reflect federal funds and an increase of \$601,817 for prior year salary increases, paid by federal funds.

School District Operations, Categorical Programs, Special Education - Children with Disabilities

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
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FY 2024-25 Appropriation

School District Operations, Categorical Programs, Special Education - Children with Disabilities						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation	\$533,048,139	\$93,572,347	\$281,992,829	\$191,090	\$157,291,873	100.0
Total FY 2024-25	\$533,048,139	\$93,572,347	\$281,992,829	\$191,090	\$157,291,873	100.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$533,048,139	\$93,572,347	\$281,992,829	\$191,090	\$157,291,873	100.0
SI Informational funds adjustment	44,355,653	0	0	0	44,355,653	0.0
R2/BA7 Categorical programs increase	18,637,217	0	18,637,217	0	0	0.0
Annualize prior year budget actions	601,817	0	0	0	601,817	0.0
Total FY 2025-26	\$596,642,826	\$93,572,347	\$300,630,046	\$191,090	\$202,249,343	100.0
Changes from FY 2024-25	\$63,594,687	\$0	\$18,637,217	\$0	\$44,957,470	0.0
Percentage Change	11.9%	0.0%	6.6%	0.0%	28.6%	0.0%
FY 2025-26 Executive Request	\$542,287,955	\$93,572,347	\$290,630,828	\$191,090	\$157,893,690	100.0
Staff Rec. Above/-Below Request	\$54,354,871	\$0	\$9,999,218	\$0	\$44,355,653	0.0

English Language Proficiency Program

Pursuant to the federal *No Child Left Behind Act* [Title III - Language Instruction for Limited English Proficient and Immigrant Students], the federal *Civil Rights Act of 1964* [Title VI], and the English Language Proficiency Act [Article 24 of Title 22, C.R.S.], districts are required to identify and provide programs for students with limited English proficiency.

Some federal funding is available for such programs, and, with the enactment of H.B. 14-1298 (School Finance), the State now provides assistance to districts through two mechanisms. First, districts receive "at-risk" funding through the School Finance Act for some students with limited English proficiency. Districts also receive funding through the English Language Proficiency Act (ELPA) categorical program for students with limited English proficiency. As enacted in H.B. 14-1298, Section 22-24-104 (2) (a), C.R.S., limits state ELPA funding to a maximum of five years per student (prior to FY 2014-15, statute limited payments to no more than two years per student).

It is important to note that it often takes more than five years for students to progress out of English language services and that state and federal law require school districts to continue to provide services beyond the five-year window based on the needs of the student. School districts must absorb those costs within their operating budgets, increasing the gap between state and federal funds available for ELL services and the school districts' total costs for those services. In FY 2022-23, school districts spent \$176.5 million more on ELL services than was available in state and federal funding. That gap between available funds and district costs drives the standard request and recommendation for the Committee's allocation of the constitutionally required increases in categorical funding.

House Bill 18-1379 (School Finance) adjusted the allocation of the categorical funding.

- Prior law required the Department to allocate three-quarters of the total appropriation to districts serving students considered non-English proficient (NEP), defined as students

who: (a) speak languages other than English and do not comprehend or speak English; or (b) students who comprehend or speak some English, but whose primary comprehension or speech is in a language other than English. The remaining 25 percent of the amount appropriated was distributed to districts serving students considered limited-English proficient (LEP), defined as students who comprehend and speak English and one or more other languages but whose English language development and comprehension is either (1) at or below the district mean or below the mean or equivalent on a nationally standardized test; or (2) below the acceptable proficiency level based on the instrument or technique developed and approved by the Department.

- House Bill 18-1379 adjusted the allocation so that the Department distributes funds based on the proportion of eligible students in each category. As under prior law, the statute limits per pupil funding for each classification of students (the greater of \$400 or 20.0 percent of statewide average per pupil funding for NEP students and \$200 or 10.0 percent of statewide average per pupil funding for LEP students).

Statutory authority: Section 22-24-106, C.R.S.

Request and Recommendation: The request and recommendation are shown below. **Staff recommends an informational increase of \$416,794 federal funds in addition to the amounts described in R2/BA7.**

School District Operations, Categorical Programs, English Language Proficiency Program						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$45,902,552	\$3,101,598	\$31,500,830	\$0	\$11,300,124	4.6
Total FY 2024-25	\$45,902,552	\$3,101,598	\$31,500,830	\$0	\$11,300,124	4.6
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$45,902,552	\$3,101,598	\$31,500,830	\$0	\$11,300,124	4.6
R2/BA7 Categorical programs increase	1,263,836	0	1,263,836	0	0	0.0
SI Informational funds adjustment	416,794	0	0	0	416,794	0.0
Annualize prior year budget actions	20,378	0	0	0	20,378	0.0
Total FY 2025-26	\$47,603,560	\$3,101,598	\$32,764,666	\$0	\$11,737,296	4.6
Changes from FY 2024-25	\$1,701,008	\$0	\$1,263,836	\$0	\$437,172	0.0
Percentage Change	3.7%	0.0%	4.0%	n/a	3.9%	0.0%
FY 2025-26 Executive Request	\$47,186,766	\$3,101,598	\$32,764,666	\$0	\$11,320,502	4.6
Staff Rec. Above/-Below Request	\$416,794	\$0	\$0	\$0	\$416,794	0.0

(2) Other Categorical Programs

Public School Transportation

Pursuant to Section 22-32-113, C.R.S., a school district may provide transportation for students to and from school. However, a school district must provide transportation for students who

fall under the federal *Individuals with Disabilities Education Act* or Section 504 of the federal *Rehabilitation Act of 1973*, as well as homeless students.

This line item provides state funding to reimburse school districts for a portion of the costs incurred to transport students. Pursuant to Section 22-51-104, C.R.S., and subject to available appropriations, each district is eligible to receive reimbursement equal to \$0.3787 per-mile-traveled plus 33.87 percent of its total transportation-related costs (excluding capital outlay expenses) in excess of the per-mile-traveled reimbursement. Districts are authorized to generate additional local revenues to support their transportation programs via an additional mill levy or a transportation user fee. While voter approval is required to levy additional taxes, as of FY 2005-06, a district is allowed to impose a user fee without prior voter approval.

This line item also supports 2.0 FTE who provide oversight of student transportation programs in school districts. This unit administers regulations related to safe transportation of students, and provides extensive training, technical assistance, and monitoring to assist districts in providing safe, efficient, and effective transportation of children.

The General Assembly has also been examining the adequacy of public school transportation funding. S.B. 23-094 created the School Transportation Modernization Task Force to study issues facing school transportation systems and use the findings to develop and recommend policies, laws, and rules to improve public school transportation across the state in order to better meet student needs and alleviate burdens on school districts. The final task force report was released on December 1, 2024 and includes twelve recommendations, three of which relate specifically to funding:

- *Recommendation #4* proposes the creation of a Transportation Innovation Fund, similar to what was proposed by H.B. 22-1395 (Transportation Innovation Grant Program). That bill would have provided \$7.5 million for grants from the Revenue Loss Restoration Cash Fund; it was deemed postponed indefinitely. The task force recommendation does not suggest a dollar amount or fund source for the grant program.
- *Recommendation #10* suggests the General Assembly should examine reimbursement percentages and the gap between state funding and expenditures while considering the categorical budget request each year. While there is no dollar amount tied to this recommendation, the most recent available expenditure data shows a 78 percent gap between state funding and district expenditures; this data is considered in the calculation of the request and recommendation.
- *Recommendation #11* proposes utilizing a single-factor reimbursement process and increasing public school transportation funding by \$10.0 million.

Given that keeping up with special education funding alone requires more than the Amendment 23 increase, it will be not be possible to close the gap in transportation funding without additional funding that substantially exceeds the R2/BA7 request.

Statutory authority: Section 22-51-104, C.R.S.

Request and Recommendation: The request and recommendation are shown below. **Staff recommends an increase of \$1,616,980 from the SEF for the Amendment 23 portion of the request only**, as discussed previously in R2/BA7.

School District Operations, Categorical Programs, Public School Transportation						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$71,845,006	\$36,922,227	\$34,884,614	\$38,165	\$0	2.0
Total FY 2024-25	\$71,845,006	\$36,922,227	\$34,884,614	\$38,165	\$0	2.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$71,845,006	\$36,922,227	\$34,884,614	\$38,165	\$0	2.0
R2/BA7 Categorical programs increase	1,616,980	0	1,616,980	0	0	0.0
Annualize prior year budget actions	0	0	0	0	0	0.0
Total FY 2025-26	\$73,461,986	\$36,922,227	\$36,501,594	\$38,165	\$0	2.0
Changes from FY 2024-25	\$1,616,980	\$0	\$1,616,980	\$0	\$0	0.0
Percentage Change	2.3%	0.0%	4.6%	0.0%	n/a	0.0%
FY 2025-26 Executive Request	\$73,473,098	\$36,922,227	\$36,512,706	\$38,165	\$0	2.0
Staff Rec. Above/-Below Request	-\$11,112	\$0	-\$11,112	\$0	\$0	0.0

Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education

The State Board for Community Colleges and Occupational Education is responsible for approving career and technical education programs, as well as distributing state funds to school districts with students enrolled in approved programs [see Article 8 of Title 23, C.R.S.]. The state funds are distributed to school districts to partially reimburse costs related to personnel, books and supplies, and equipment for approved programs. Specifically, state funding is available to a district if its approved program cost per full-time equivalent student exceeds 70 percent of the district's per pupil operating revenues for the same fiscal year. A district is eligible to receive reimbursement for 80 percent of the first \$1,250 in "excess costs" incurred, and 50 percent of any excess costs above \$1,250.

The program requires each participating district to estimate program costs and enrollments at the beginning of each school year and provide actual cost data at the end of the school year. Districts receive funding quarterly based on such estimated figures. Any difference between a district's estimated and actual costs is added or subtracted from the first quarterly payment in the following fiscal year. If the appropriation is insufficient to fully fund the amount districts are eligible to receive, the Department of Higher Education prorates distributions accordingly.

Statutory authority: Section 23-8-102, C.R.S.

***Request and Recommendation:* The staff recommends the requested \$695,875 increase from the State Education Fund.**

School District Operations, Categorical Programs, Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$31,993,182	\$17,792,850	\$14,200,332	\$0	\$0	0.0
Total FY 2024-25	\$31,993,182	\$17,792,850	\$14,200,332	\$0	\$0	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$31,993,182	\$17,792,850	\$14,200,332	\$0	\$0	0.0
R2/BA7 Categorical programs increase	695,875	0	695,875	0	0	0.0
Total FY 2025-26	\$32,689,057	\$17,792,850	\$14,896,207	\$0	\$0	0.0
Changes from FY 2024-25	\$695,875	\$0	\$695,875	\$0	\$0	0.0
Percentage Change	2.2%	0.0%	4.9%	n/a	n/a	n/a
FY 2025-26 Executive Request	\$32,689,057	\$17,792,850	\$14,896,207	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Special Education Programs for Gifted and Talented Children

The state *Exceptional Children's Educational Act* defines a gifted child as one whose "aptitude or competence in abilities and talents and potential for accomplishments in one or more domains, as defined by state board rule, are so outstanding that he or she requires special provisions to meet his or her educational needs" [see Section 22-20-202 (11), C.R.S.]. Pursuant to Section 22-20-204, C.R.S. (as amended by H.B. 14-1102 (Gifted Education Programs)), each administrative unit is required to adopt and implement a program to identify and serve gifted children. The plan must be implementable within the local, state, and federal resources available for gifted education programs. State funding for gifted programs must supplement, not supplant, programs for students with disabilities.

State distributions may be used for universal screening of students, employing a gifted education coordinator, teacher salaries for appropriately licensed and endorsed personnel, programming options and counseling related to serving gifted children, materials used in serving gifted children, professional development for personnel who serve gifted children, and direct administrative costs incurred in implementing the gifted education program. In order to receive funding, an administrative unit (district, multi-district administrative unit, or board of cooperative service) must submit a comprehensive program plan and annual proposed budget for gifted education identification, programming, personnel, and accountability. The Department uses the appropriation: (a) for administrative unit per pupil distributions; (b) for "hold-harmless" allocations for certain rural school districts and boards of cooperative services that provide services to multiple school/rural districts; (c) to support ten regional grants for gifted education consultants and professional development; and (d) for state administration.

Statutory authority: Section 22-26-101, C.R.S.

Request: The Department requests a total of \$16.0 state funds and 1.5 FTE in FY 2025-26. The request includes the following increases above the FY 2024-25 appropriation:

- An increase of \$230,414 cash funds from the State Education Fund associated with request R2/BA7 as discussed above, representing a 1.5 percent increase in state funds; and
- An increase of \$4,184 cash funds from the State Education Fund to reflect the annualization of FY 2024-25 salary decisions.

The Department erroneously excluded from its request an increase of \$1,058,115 cash funds from the State Education Fund to reflect the annualization of S.B. 23-287, which provides an increase of \$1.1 million annually from FY 2023-24 through FY 2027-28 to implement full universal screening no later than second grade and a second screening of gifted children in conjunction with the creation of each child’s individual career and academic plan; and

Recommendation: Staff recommends increasing funding for this line by \$1,058,115 from the State Education Fund to reflect the annualization of S.B. 23-287 for universal screening. Staff does not recommend additional increases above that.

School District Operations, Categorical Programs, Special Education Programs Gifted and Talented Children						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$15,735,647	\$5,500,000	\$10,235,647	\$0	\$0	1.5
Total FY 2024-25	\$15,735,647	\$5,500,000	\$10,235,647	\$0	\$0	1.5
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$15,735,647	\$5,500,000	\$10,235,647	\$0	\$0	1.5
R2/BA7 Categorical programs increase	1,058,115	0	1,058,115	0	0	0.0
Annualize prior year budget actions	0	0	0	0	0	0.0
Total FY 2025-26	\$16,793,762	\$5,500,000	\$11,293,762	\$0	\$0	1.5
Changes from FY 2024-25	\$1,058,115	\$0	\$1,058,115	\$0	\$0	0.0
Percentage Change	6.7%	0.0%	10.3%	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$15,970,245	\$5,500,000	\$10,470,245	\$0	\$0	1.5
Staff Rec. Above/-Below Request	\$823,517	\$0	\$823,517	\$0	\$0	0.0

Expelled and At-Risk Student Services Grant Program

This program, first funded in FY 1997-98, provides grants to school districts, boards of cooperative services, and charter schools [see Section 22-38-101 et seq., C.R.S.] for the provision of educational services to expelled students and to students at risk of being suspended or expelled. The Department evaluates grant applications received, and the State Board of Education approves annual grant awards. The Department places strong emphasis on research-validated programs and strategies, and programs are required to show significant district support for program sustainability after grant funding ends. Pursuant to Section 22-33-205, C.R.S., the Board is required to award grants based on the following:

- at least 45 percent of moneys appropriated for the program shall be annually awarded to applicants that provide educational services to students from more than one school district; and

- at least one-half of any increases in the appropriation for FY 2009-10 (\$500,000) shall be annually awarded to applicants that provide services and supports designed to reduce the number of truancy cases requiring court involvement and that also reflect the best interests of students and families.

The Department awards grants on a rolling basis (i.e., when one grant is completed, the funding is reallocated to fund a new award).

The Department is also authorized to retain: (a) up to one percent of moneys appropriated for the purpose of annually evaluating the program; and (b) up to two percent of moneys appropriated for the purpose of partnering with organizations and agencies that provide services and supports designed to reduce the number of truancy cases requiring court involvement and that also reflect the best interests of students and families.

Statutory authority: Section 22-33-205 and 22-38-101 et seq., C.R.S.

Request and Recommendation: The request and recommendation are shown below. **Staff recommends an increase of \$2,785 from the SEF for the Amendment 23 portion of the request only**, as discussed previously in R2/BA7.

School District Operations, Categorical Programs, Expelled and At-risk Student Services Grant Program						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$9,470,254	\$5,788,807	\$3,681,447	\$0	\$0	1.0
Total FY 2024-25	\$9,470,254	\$5,788,807	\$3,681,447	\$0	\$0	1.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$9,470,254	\$5,788,807	\$3,681,447	\$0	\$0	1.0
R2/BA7 Categorical programs increase	2,785	0	2,785	0	0	0.0
Annualize prior year budget actions	0	0	0	0	0	0.0
Total FY 2025-26	\$9,473,039	\$5,788,807	\$3,684,232	\$0	\$0	1.0
Changes from FY 2024-25	\$2,785	\$0	\$2,785	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	0.1%	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$9,492,815	\$5,788,807	\$3,704,008	\$0	\$0	1.0
Staff Rec. Above/-Below Request	-\$19,776	\$0	-\$19,776	\$0	\$0	0.0

Small Attendance Center Aid

Pursuant to Section 22-54-122, C.R.S., school districts that operate a school with fewer than 200 pupils that is located twenty or more miles from any similar school in the same district are eligible to receive additional state funding to offset the unique costs associated with operating such schools. In addition, since FY 2008-09, small attendance center aid has been limited to those districts that received the aid prior to FY 2008-09. The amount of additional state aid that a district is eligible to receive is based on the number of eligible schools it operates, the number of pupils in each eligible school, and the district’s per pupil funding.

Similar to other categorical programs, whether a school district eligible for Small Attendance Center Aid actually receives the maximum reimbursement allowable is subject to appropriation. The FY 2024-25 appropriation includes \$1,604,359 total funds for this line item. However, based on the calculations directed by statute, full funding for the formula this year would require \$1,667,359, a shortfall of \$62,642. FY 2024-25 payments are prorated at 96 percent.

Statutory authority: Section 22-54-122, C.R.S.

Request and Recommendation: The staff recommends the requested \$2,189 increase from the State Education Fund.

School District Operations, Categorical Programs, Small Attendance Center Aid						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$1,604,359	\$787,645	\$816,714	\$0	\$0	0.0
Total FY 2024-25	\$1,604,359	\$787,645	\$816,714	\$0	\$0	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$1,604,359	\$787,645	\$816,714	\$0	\$0	0.0
R2/BA7 Categorical programs increase	2,189	0	2,189	0	0	0.0
Total FY 2025-26	\$1,606,548	\$787,645	\$818,903	\$0	\$0	0.0
Changes from FY 2024-25	\$2,189	\$0	\$2,189	\$0	\$0	0.0
Percentage Change	0.1%	0.0%	0.3%	n/a	n/a	n/a
FY 2025-26 Executive Request	\$1,606,548	\$787,645	\$818,903	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Comprehensive Health Education

The *Colorado Comprehensive Health Education Act of 1990* requires the Department of Education to promote the development and implementation of local comprehensive health education programs and local student wellness programs. The Department is to: develop recommended guidelines for implementing these local programs; develop a plan for training teachers to provide comprehensive health education and student wellness; and provide technical assistance upon the request of a school district or board of cooperative services (and within available resources).

This line item provides funding for grants to school districts, facility schools, and boards of cooperative services to implement local comprehensive health education and student wellness programs, and for 1.0 FTE to administer the program and perform the duties required by the act. The Department of Education works with the Department of Public Health and Environment to review applications for state funding, and the State Board of Education allocates available funds.

Statutory authority: Section 22-25-101, C.R.S.

Request and Recommendation: The request and recommendation are shown below. **Staff recommends an increase of \$3,057 from the SEF for the Amendment 23 portion of the request only**, as discussed previously in R2/BA7.

School District Operations, Categorical Programs, Comprehensive Health Education						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	\$1,112,772	\$300,000	\$812,772	\$0	\$0	1.0
Total FY 2024-25	\$1,112,772	\$300,000	\$812,772	\$0	\$0	1.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$1,112,772	\$300,000	\$812,772	\$0	\$0	1.0
R2/BA7 Categorical programs increase	3,057	0	3,057	0	0	0.0
Annualize prior year budget actions	0	0	0	0	0	0.0
Total FY 2025-26	\$1,115,829	\$300,000	\$815,829	\$0	\$0	1.0
Changes from FY 2024-25	\$3,057	\$0	\$3,057	\$0	\$0	0.0
Percentage Change	0.3%	0.0%	0.4%	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$1,130,157	\$300,000	\$830,157	\$0	\$0	1.0
Staff Rec. Above/-Below Request	-\$14,328	\$0	-\$14,328	\$0	\$0	0.0

Long Bill Footnotes

Staff continuing and modifying the following footnote.

- 16 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding -- Pursuant to Section 22-35-108.5 (2)(b)(II), C.R.S., the purpose of this footnote is to specify what portion of this appropriation is intended to be available for the Teacher Recruitment Education and Preparation (TREP) Program for FY ~~2024-25~~ 2025-26. It is the General Assembly's intent that the Department of Education be authorized to utilize up to ~~\$2,151,240~~ \$2,620,000 of this appropriation to fund qualified students identified as TREP Program participants. This amount is calculated based on an estimated 250 FTE TREP Program participants funded at a rate of ~~\$10,244~~ \$10,480 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

Comment: The Committee added the Teacher Recruitment Education and Preparation (TREP) program footnote for FY 2022-23 to designate a cap required by S.B. 21-285 (Supporting Educator Workforce in Colorado). The program, which started in FY 2022-23, allows participating students to concurrently enroll in postsecondary courses for two years following the student's twelfth grade year. The Department can designate students as TREP participants if they are following the teaching career pathway, are on schedule to complete the specified courses by senior year, and are enrolling in the pathways postsecondary courses for the fifth and sixth year, among other requirements.

The bill requires the General Assembly to decide on the number of TREP participants each year through the Long Bill process (with this footnote as the mechanism). The General Assembly initially approved 250 slots for FY 2024-25 but then adjusted the limit down to 210 FTE at mid-year (with S.B. 25-113) to reflect the actual usage in the current year. The recommendation would continue to support 210 slots from FY 2024-25 (as this is a two-year program) and add 40 "new" slots for allocation in FY 2025-26. However, the Committee could choose any number of slots for the footnote.

Staff recommends the following **new** footnote.

- N Department of Education, Assistance to Public Schools, Public School Finance, State share of Districts' Total Program Funding -- It is the General Assembly's intent that a portion of the amount appropriated for this line item, not to exceed \$200,000 for fiscal year FY 2025-26, shall be transferred to the Legislative Council for the purpose of funding the biennial cost of living analysis pursuant to Section 22-54-104 (5)(c)(III)(B), C.R.S.

Comment: Section 22-54-104 (5)(c) (III) (A), C.R.S., requires the Legislative Council Staff to conduct a biennial study concerning the relative cost of living in each school district. The results of the study are then to be used to adjust each school district's cost of living factor for purposes of calculating per pupil funding for the following two fiscal years. Last conducted in FY 2023-24, statute requires another study in FY 2025-26. The results of the study conducted in FY 2025-26 will impact funding requirements for FY 2026-27 and FY 2027-28.

H.B. 24-1448 modified the procedure for how cost of living factors are calculated. Under the old formula, a district's cost of living factor could only go up and could never decrease. In the new formula, factors can increase or decrease every two years, depending on the results of the study. This modification was at least partially intended both to make the factors more responsive to districts' actual current cost of living, and to address distortions that had occurred over time within the context of the old formula. If the study were to be eliminated, the cost of living factors determined using the 2023 study would remain the district's cost of living factors in perpetuity, regardless of any future economic fluctuations that may change a district's cost of living. The Legislative Department's budget request includes \$200,000 reappropriated funds for this purpose. This is a decrease from the FY 2023-24 appropriation of \$270,000 for the study.

Requests for Information

Staff recommends **continuing and modifying** the following request for information.

[Impacts the Department of Education and Department of Higher Education]

- 2 Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S. – The Department of Education is requested to work with the Department of Higher Education and to provide to the Joint Budget Committee information concerning the distribution of state funds available for each categorical program, excluding grant programs. The information for special education programs for children with disabilities, English language proficiency programs, public school transportation, career and technical education, and small attendance center aid is requested to include the following: (a) a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year ~~2023-24~~ 2024-25 and the maximum allowable distribution pursuant to state law and/or State Board of Education rule; and (b) a comparison of the state and federal funding distributed to each district or administrative unit for each program in fiscal year ~~2022-23~~ 2023-24 and actual district expenditures for each program in fiscal year ~~2022-23~~ 2023-24. The information for special education programs for gifted and talented children is requested to include a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year ~~2022-23~~ 2023-24 and actual district expenditures in fiscal year ~~2022-23~~ 2023-24.

Comment: This request provides the Joint Budget Committee with data that is used to annually determine the allocation of the required increase in state funding for categorical programs. The data provided through this request are essential to the formulation of recommendations for categorical program funding.

Additional Balancing Options

JBC Staff and Legislative Council Staff are in the process of analyzing additional budget balancing options related to school finance funding. These options will be presented in a separate memo.

Appendix A: Numbers Pages

JBC Staff Figure Setting - FY 2025-26
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
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DEPARTMENT OF EDUCATION
Susana Cordova, Commissioner

(3) SCHOOL DISTRICT OPERATIONS

This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts.

(A) Public School Finance

Administration	<u>1,932,724</u>	<u>4,384,542</u>	<u>2,467,046</u>	<u>2,471,809</u>	<u>2,471,809</u>
FTE	15.1	15.5	17.5	17.5	17.5
General Fund	1,853,111	1,481,791	2,106,008	2,210,618	2,210,618
Cash Funds	79,613	2,902,751	361,038	261,191	261,191
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Financial Transparency System Maintenance	<u>87,884</u>	<u>87,896</u>	<u>92,786</u>	<u>92,786</u>	<u>92,786</u>
FTE	0.8	1.0	1.0	1.0	1.0
General Fund	0	0	0	0	0
Cash Funds	87,884	87,896	92,786	92,786	92,786
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
State Share of Districts' Total Program Funding	<u>4,990,054,616</u>	<u>4,996,063,570</u>	<u>5,564,037,156</u>	<u>5,316,370,554</u>	<u>5,367,409,899</u> *
General Fund	4,238,686,861	4,238,686,861	2,991,406,528	3,141,406,528	3,141,406,528
General Fund Exempt	0	0	1,247,280,333	1,247,280,333	1,247,280,333
Cash Funds	751,367,755	757,376,709	1,325,350,295	927,683,693	978,723,038

JBC Staff Figure Setting - FY 2025-26
Staff Working Document - Does Not Represent Committee Decision

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Extended High School	0	0	22,376,720	19,949,170	24,559,880
Cash Funds	0	0	22,376,720	19,949,170	24,559,880
School Finance Audit Payments	<u>205,165</u>	<u>5,251,851</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
General Fund	0	0	0	0	0
Cash Funds	205,165	5,251,851	3,000,000	3,000,000	3,000,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
At-risk Per Pupil Additional Funding	<u>5,000,000</u>	<u>4,999,997</u>	<u>5,000,000</u>	<u>17,000,000</u>	<u>5,000,000</u> *
General Fund	0	0	0	12,000,000	0
Cash Funds	5,000,000	4,999,997	5,000,000	5,000,000	5,000,000
At-risk Supplemental Aid	<u>4,077,711</u>	<u>7,009,989</u>	<u>7,009,989</u>	<u>7,009,989</u>	<u>0</u>
Cash Funds	4,077,711	7,009,989	7,009,989	7,009,989	0
District Per Pupil Reimbursements for Juveniles					
Held in Jail	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
General Fund	0	0	0	0	0
Cash Funds	0	10,000	10,000	10,000	10,000
Additional Funding for Rural Districts and Institute					
Charter Schools	<u>34,999,962</u>	<u>30,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	34,999,962	30,000,000	0	0	0
Mill Levy Override Matching Pursuant to Sec. 22-54-107.9, C.R.S.	<u>9,999,981</u>	<u>32,511,319</u>	<u>15,715,539</u>	<u>15,715,539</u>	<u>0</u>
Cash Funds	9,999,981	32,511,319	15,715,539	15,715,539	0

JBC Staff Figure Setting - FY 2025-26
Staff Working Document - Does Not Represent Committee Decision

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Contingency Reserve Fund	0	0	1,000,000	1,000,000	1,000,000
General Fund	0	0	0	0	0
Cash Funds	0	0	1,000,000	1,000,000	1,000,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
New Arrival Students Funding	0	23,950,000	0	0	0
Cash Funds	0	23,950,000	0	0	0
SUBTOTAL - (A) Public School Finance	5,046,358,043	5,104,269,164	5,620,709,236	5,382,619,847	5,403,544,374
FTE	15.9	16.5	18.5	18.5	18.5
General Fund	4,240,539,972	4,240,168,652	2,993,512,536	3,155,617,146	3,143,617,146
General Fund Exempt	0	0	1,247,280,333	1,247,280,333	1,247,280,333
Cash Funds	805,818,071	864,100,512	1,379,916,367	979,722,368	1,012,646,895
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

(B) Categorical Programs

(1) District Programs Required by Statute

Special Education - Children with Disabilities	492,949,408	561,542,608	533,048,139	542,287,955	596,642,826 *
FTE	90.8	63.0	100.0	100.0	100.0
General Fund	93,572,347	93,572,347	93,572,347	93,572,347	93,572,347
Cash Funds	206,582,286	247,285,957	281,992,829	290,630,828	300,630,046
Reappropriated Funds	0	0	191,090	191,090	191,090
Federal Funds	192,794,775	220,684,304	157,291,873	157,893,690	202,249,343

JBC Staff Figure Setting - FY 2025-26
Staff Working Document - Does Not Represent Committee Decision

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
English Language Proficiency Program	<u>36,082,722</u>	<u>42,681,475</u>	<u>45,902,552</u>	<u>47,186,766</u>	<u>47,603,560</u> *
FTE	3.7	4.6	4.6	4.6	4.6
General Fund	3,101,191	3,101,598	3,101,598	3,101,598	3,101,598
Cash Funds	22,156,144	28,192,293	31,500,830	32,764,666	32,764,666
Reappropriated Funds	0	0	0	0	0
Federal Funds	10,825,387	11,387,584	11,300,124	11,320,502	11,737,296
SUBTOTAL - (1) District Programs Required by Statute	529,032,130	604,224,083	578,950,691	589,474,721	644,246,386
FTE	<u>94.5</u>	<u>67.6</u>	<u>104.6</u>	<u>104.6</u>	<u>104.6</u>
General Fund	96,673,538	96,673,945	96,673,945	96,673,945	96,673,945
Cash Funds	228,738,430	275,478,250	313,493,659	323,395,494	333,394,712
Reappropriated Funds	0	0	191,090	191,090	191,090
Federal Funds	203,620,162	232,071,888	168,591,997	169,214,192	213,986,639
(2) Other Categorical Programs					
Public School Transportation	<u>64,949,882</u>	<u>68,839,945</u>	<u>71,845,006</u>	<u>73,473,098</u>	<u>73,461,986</u> *
FTE	2.4	2.0	2.0	2.0	2.0
General Fund	36,922,227	36,922,227	36,922,227	36,922,227	36,922,227
Cash Funds	27,983,876	31,884,000	34,884,614	36,512,706	36,501,594
Reappropriated Funds	43,779	33,718	38,165	38,165	38,165
Federal Funds	0	0	0	0	0
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education	<u>28,244,361</u> 2.7	<u>30,514,944</u>	<u>31,993,182</u>	<u>32,689,057</u>	<u>32,689,057</u> *
General Fund	17,792,850	17,792,850	17,792,850	17,792,850	17,792,850
Cash Funds	10,451,511	12,722,094	14,200,332	14,896,207	14,896,207

JBC Staff Figure Setting - FY 2025-26
Staff Working Document - Does Not Represent Committee Decision

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Special Education Programs for Gifted and Talented Children	<u>12,983,116</u>	<u>14,669,280</u>	<u>15,735,647</u>	<u>15,970,245</u>	<u>16,793,762</u> *
FTE	0.5	1.5	1.5	1.5	1.5
General Fund	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Cash Funds	7,483,116	9,169,280	10,235,647	10,470,245	11,293,762
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Expelled and At-risk Student Services Grant Program	<u>9,464,367</u>	<u>9,471,511</u>	<u>9,470,254</u>	<u>9,492,815</u>	<u>9,473,039</u> *
FTE	3.3	1.0	1.0	1.0	1.0
General Fund	5,788,804	5,759,731	5,788,807	5,788,807	5,788,807
Cash Funds	3,675,563	3,711,780	3,681,447	3,704,008	3,684,232
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Small Attendance Center Aid	<u>1,314,250</u>	<u>1,599,991</u>	<u>1,604,359</u>	<u>1,606,548</u>	<u>1,606,548</u> *
General Fund	787,645	787,645	787,645	787,645	787,645
Cash Funds	526,605	812,346	816,714	818,903	818,903
Comprehensive Health Education	<u>1,010,222</u>	<u>1,009,575</u>	<u>1,112,772</u>	<u>1,130,157</u>	<u>1,115,829</u> *
FTE	1.6	1.0	1.0	1.0	1.0
General Fund	300,000	300,000	300,000	300,000	300,000
Cash Funds	710,222	709,575	812,772	830,157	815,829

JBC Staff Figure Setting - FY 2025-26
Staff Working Document - Does Not Represent Committee Decision

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
SUBTOTAL - (2) Other Categorical Programs	117,966,198	126,105,246	131,761,220	134,361,920	135,140,221
<i>FTE</i>	<u>10.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>
General Fund	67,091,526	67,062,453	67,091,529	67,091,529	67,091,529
Cash Funds	50,830,893	59,009,075	64,631,526	67,232,226	68,010,527
Reappropriated Funds	43,779	33,718	38,165	38,165	38,165
Federal Funds	0	0	0	0	0
SUBTOTAL - (B) Categorical Programs	646,998,328	730,329,329	710,711,911	723,836,641	779,386,607
<i>FTE</i>	<u>105.0</u>	<u>73.1</u>	<u>110.1</u>	<u>110.1</u>	<u>110.1</u>
General Fund	163,765,064	163,736,398	163,765,474	163,765,474	163,765,474
Cash Funds	279,569,323	334,487,325	378,125,185	390,627,720	401,405,239
Reappropriated Funds	43,779	33,718	229,255	229,255	229,255
Federal Funds	203,620,162	232,071,888	168,591,997	169,214,192	213,986,639
(C) Federal and Other Direct Support					
Appropriated Sponsored Programs	<u>0</u>	<u>770,548,842</u>	<u>503,659,517</u>	<u>508,672,831</u>	<u>260,503,302</u> *
<i>FTE</i>	0.0	56.1	59.8	61.3	61.3
General Fund	0	0	571,416	0	0
Cash Funds	0	959,995	2,501,087	7,503,302	7,503,302
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	769,588,847	500,587,014	501,169,529	253,000,000
SUBTOTAL - (C) Federal and Other Direct Support	0	770,548,842	503,659,517	508,672,831	260,503,302
<i>FTE</i>	<u>0.0</u>	<u>56.1</u>	<u>59.8</u>	<u>61.3</u>	<u>61.3</u>
General Fund	0	0	571,416	0	0
Cash Funds	0	959,995	2,501,087	7,503,302	7,503,302
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	769,588,847	500,587,014	501,169,529	253,000,000

JBC Staff Figure Setting - FY 2025-26
Staff Working Document - Does Not Represent Committee Decision

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
TOTAL - (3) School District Operations	7,061,558,967	7,302,432,937	7,466,031,577	7,245,348,071	7,270,510,044
<i>FTE</i>	<u>306.8</u>	<u>158.2</u>	<u>226.7</u>	<u>228.2</u>	<u>228.2</u>
General Fund	4,437,407,764	4,405,556,958	3,158,178,334	3,319,717,615	3,357,259,529
General Fund Exempt	0	155,845,958	1,247,280,333	1,247,280,333	1,247,280,333
Cash Funds	1,403,849,278	1,473,880,327	2,230,447,305	1,846,788,581	1,856,475,722
Reappropriated Funds	537,439	33,718	319,432	357,397	357,397
Federal Funds	1,219,764,486	1,267,115,976	829,806,173	831,204,145	809,137,063
TOTAL - Department of Education	7,061,558,967	7,302,432,937	7,466,031,577	7,245,348,071	7,270,510,044
<i>FTE</i>	<u>306.8</u>	<u>158.2</u>	<u>226.7</u>	<u>228.2</u>	<u>228.2</u>
General Fund	4,437,407,764	4,405,556,958	3,158,178,334	3,319,717,615	3,357,259,529
General Fund Exempt	0	155,845,958	1,247,280,333	1,247,280,333	1,247,280,333
Cash Funds	1,403,849,278	1,473,880,327	2,230,447,305	1,846,788,581	1,856,475,722
Reappropriated Funds	537,439	33,718	319,432	357,397	357,397
Federal Funds	1,219,764,486	1,267,115,976	829,806,173	831,204,145	809,137,063

*Indicates line is affected by one or more decision items.