



**Joint Budget Committee**

# **Supplemental Budget Requests**

## **FY 2025-26**

**Department of Education  
Charter School Institute**

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# Overview of Education

The Department of Education supports the State Board of Education in its duty to exercise general supervision over public schools, including accrediting public schools and school districts. The Department distributes state and federal funds to school districts, and it administers a variety of education-related programs. The Department also 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; and (3) the Public School Capital Construction Assistance Board.

The supplemental request addressed in this packet is for the Charter School Institute, which is one of the programs *other than* school finance and categorical programs.

# Summary of Staff Recommendations

## FY 2025-26 Summary

### Department of Education: Recommended Changes for FY 2025-26

Item	Total Funds	General Fund [1]	Cash Funds	Reaprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB25-206 (Long Bill)	\$7,756,003,663	\$4,711,597,574	\$2,139,481,573	\$55,664,660	\$849,259,856	742.3
Other legislation	-66,599,874	-41,603,376	-25,246,498	250,000	0	9.1
<b>Current FY 2025-26 Appropriation</b>	<b>\$7,689,403,789</b>	<b>\$4,669,994,198</b>	<b>\$2,114,235,075</b>	<b>\$55,914,660</b>	<b>\$849,259,856</b>	<b>751.4</b>
<b>Recommended Changes</b>						
Current FY 2025-26 Appropriation	\$7,689,403,789	4,669,994,198	\$2,114,235,075	\$55,914,660	\$849,259,856	751.4
S1 State share of total program	-104,115,511	0	-104,115,511	0	0	0.0
S2 CSI Mill levy equalization	1,034,115	0	1,034,115	0	0	0.0
S3 HSMA Program balancing	27,530,031	0	27,530,031	0	0	0.0
S4 Temporary project manager						
IT capital	0	0	0	0	0	0.0
S5 Fourth Year Innovation Pilot						
Program	0	0	0	0	0	0.0
S6 HB25-1278 roll forward	0	0	0	0	0	0.0
Staff-initiated TREP footnote adj	0	0	0	0	0	0.0
Impacts driven by other agencies	-158,055	-278,179	3,303	22,270	94,551	0.0
<b>Recommended FY 2025-26 Appropriation</b>	<b>\$7,613,694,369</b>	<b>\$4,669,716,019</b>	<b>\$2,038,687,013</b>	<b>\$55,936,930</b>	<b>\$849,354,407</b>	<b>751.4</b>
Recommended Increase/-Decrease from 2025-26	-\$75,709,420	-\$278,179	-\$75,548,062	\$22,270	\$94,551	0.0
Percentage Change	-1.0%	0.0%	-3.6%	0.0%	0.0%	0.0%
<b>FY 2025-26 Executive Request</b>	<b>\$7,613,447,025</b>	<b>\$4,669,947,740</b>	<b>\$2,038,207,948</b>	<b>\$55,936,930</b>	<b>\$849,354,407</b>	<b>751.4</b>
Staff Rec. Above/-Below Request	\$247,344	-\$231,721	\$479,065	\$0	\$0	0.0

[1] Includes General Fund Exempt

**S2 CSI Mill levy equalization:** The request includes an increase of \$1,042,962 cash funds from the State Education Fund for Charter School Institute (CSI) Mill Levy Equalization. The recommendation is an increase of \$1,034,115 cash funds for total funding of \$54.6 million from the General Fund and State Education Fund in this line item for FY 2025-26. The adjustment is based on current law. The request also includes a proposed statutory change for the Committee's consideration. If adopted, this statutory change would have no immediate fiscal impact.

# Department Supplemental Requests

## → S2 CSI Mill Levy Equalization

Item	Total Funds	General Fund	Cash Funds	Reaprop. Funds	Federal Funds	FTE
Request	\$1,042,962	\$0	\$1,042,962	\$0	\$0	0.0
Recommendation	1,034,115	0	1,034,115	0	0	0.0
Staff Recommendation Higher/-Lower than Request	-\$8,847	\$0	-\$8,847	\$0	\$0	0.0

**Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES**

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

**Explanation:** JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made.

### Request

The request is to add \$1.0 million cash funds from the State Education Fund based on a revised calculation of the funding needed to fully support Charter School Institute (CSI) mill levy equalization in FY 2025-26.

The Governor's Office also proposes a statutory change to increase transparency in future local elections for mill levy overrides. The proposed change would require ballot language to indicate whether mill levy overrides do or do not include additional funding for CSI schools.

### Recommendation

Staff recommends the requested supplemental increase for \$1.0 million cash funds from the State Education Fund with a slight difference in amounts based on technical corrections/updated figures calculated by Legislative Council Staff. The calculation is based on current law.

Staff supports the statutory change proposed by the Governor's Office, as discussed in last year's figure setting document. CSI is also supportive. The Committee previously chose *not* to make this change in a JBC bill, based on opposition from school districts.

As in the past, staff continues to be concerned about the financial impact of the CSI Mill Levy Equalization program. While the proposal from the Governor's Office will increase election transparency, there is little incentive for school districts to include CSI schools in elections for mill levy overrides so long as the State fully funds CSI mill levy equalization.

## Analysis

### Background

Charter School Institute (CSI) Mill Levy Equalization provides supplementary funding to align CSI per pupil funding with the funding at district-authorized schools in the districts where the CSI schools are located. Charter schools serve roughly 15 percent of public school children. Most of those students are served in district authorized charter schools, and these schools receive mill levy override funding from their home districts. However, in most cases CSI schools do not receive any district MLO funding, so state CSI Mill Levy Equalization funding makes up the difference.

The program has received substantial increases in recent years, particularly since a statutory change to “fully fund” the program took effect in FY 2024-25.

- The CSI Mill Levy Equalization Program line item was first funded in FY 2018-19 with an appropriation of \$5.5 million General Fund. It received incremental increases in subsequent years, as the total was subject to available appropriation.
- The FY 2023-24 School Finance Act (S.B. 23-287) required that “beginning in the 2024-25 budget year and each budget year thereafter, the general assembly shall appropriate from the general fund the amount necessary each budget year to fund full mill levy equalization for all institute charter schools for the applicable budget year.”
- Based on the change in law, the FY 2024-25 Long Bill included an appropriation of \$49.2 million for CSI Mill Levy Equalization from the General Fund, representing an increase of \$22.2 million. Based on further changes in H.B. 24-1394, \$22.0 million of the appropriation, which had been General Fund, was refinanced to State Education Fund.
- Since FY 2024-25, the program has received Long Bill appropriations based on the estimated cost to “fully fund” the program, and this amount is then adjusted mid-year. The FY 2024-25 appropriation was reduced mid-year to \$48.2 million based on updated data, including the mid-year updates for student counts and assessed values.
- Consistent with the approach used in FY 2024-25, the FY 2025-26 enacted appropriation was \$53.6 million based on the best available estimate of CSI funding requirements, reduced by \$1.0 million for a JBC bill that removed mill levy equalization for multi-district online schools authorized by CSI.

### Calculation

The current request is for a \$1.0 million cash funds increase to the FY 2025-26 appropriation, bringing the total to \$54.6 million. This is based on an updated calculation for “fully funding” the program. As noted above, LCS Staff calculations and CSI calculations are virtually identical for FY 2025-26.

CSI serves 19,607.0 student FTE in FY 2025-26 in 43 schools. The CSI mill levy equalization calculation adds from \$969 to \$3,957 per CSI student from the General Fund/State Education Fund based on the CSI MLE calculation.

### FY 2026-27 Projection Updates and Future Potential Costs

The November 1 executive request for the program for FY 2026-27 included a *reduction* of \$3.9 million General Fund based on an early estimate of FY 2026-27 costs. Staff noted in the briefing that these savings were unlikely

to be realized. Now, a budget amendment has been submitted to add \$6.3 million cash funds for FY 2026-27, replacing the \$3.9 million General Fund with State Education Fund and adding an additional \$2.4 million from the State Education Fund for a total request of \$55.9 million.

Legislative Council Staff has now updated its FY 2026-27 projections based on current law, including projected FY 2026-27 pupil counts and assessed value forecasts. **LCS is now projecting \$56,658,283 as the cost for the program under current law in FY 2026-27, which is \$723,400 higher than the updated request.**

LCS notes that if every district were to pass MLOs up to the cap allowed under HB 24-1448, the cost of equalization would be \$75.0 million.

## **Requested Statutory Change**

The request states that the Charter School Institute in collaboration with the Governor's Office has worked on the possibility of this language change, which looks as follows:

SECTION X. In Colorado Revised Statutes, 22-54-108, amend (3) to add a new subsection (a.5), as follows:

(3)(a.5) For purpose of this section, and for purpose of any other authorized mill levy revenue in excess of the levy authorized under section 22-54-106, a district's total program shall be calculated without including pupils enrolled at, or the funding attributable to, institute charter schools for which the district is the accounting district, unless the district chooses to include the institute charter school within its plan to share the revenue under section 22-32-108.5. A district may make this choice separately for each election. A district must state in its ballot language for any question authorized by this section whether institute charter schools located within the district are included in or excluded from sharing the additional revenue.

Staff recommended a similar change in last year's figure setting, and the JBC authorized a bill draft. However, the Committee chose not to introduce the bill.

Staff remains supportive of this proposal as a transparency measure. However, there is no incentive for districts to extend mill levy override funding to CSI schools if the General Assembly will make up any difference between mill levy override funds and regular per pupil funding with General Fund and State Education Funds.

## Appendix A: Numbers Pages

Appendix A details the supplemental changes recommended by staff, including the actual expenditures for the previous state fiscal year, the appropriation for the current fiscal year, and the requested and recommended appropriation changes for the current fiscal year. Appendix A organizes this information by line item and fund source.

**JBC Staff Supplemental Recommendations - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Numbers Pages**

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
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**Department of Education**  
**Susana Cordova, Commissioner**

**S2 CSI Mill Levy Equalization**

**(10) Charter School Institute**

CSI Mill Levy Equalization	<u>48,422,849</u>	<u>53,583,785</u>	<u>1,042,962</u>	<u>1,034,115</u>	<u>54,617,900</u>
General Fund	27,220,696	27,220,696	0	0	27,220,696
Cash Funds	21,202,153	26,363,089	1,042,962	1,034,115	27,397,204
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
<b>Total for S2 CSI Mill Levy Equalization</b>	<b>48,422,849</b>	<b>53,583,785</b>	<b>1,042,962</b>	<b>1,034,115</b>	<b>54,617,900</b>
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	27,220,696	27,220,696	0	0	27,220,696
Cash Funds	21,202,153	26,363,089	1,042,962	1,034,115	27,397,204
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

**Totals Excluding Pending Items**

**EDUCATION**

<b>TOTALS for ALL Departmental line items</b>	<b>7,971,113,393</b>	<b>7,689,403,789</b>	<b>1,042,962</b>	<b>1,034,115</b>	<b>7,690,437,904</b>
<i>FTE</i>	<u>741.1</u>	<u>751.4</u>	<u>0.0</u>	<u>0.0</u>	<u>751.4</u>
General Fund	4,523,688,296	3,377,025,889	0	0	3,377,025,889
General Fund Exempt	0	1,292,968,309	0	0	1,292,968,309
Cash Funds	2,335,371,697	2,114,235,075	1,042,962	1,034,115	2,115,269,190
Reappropriated Funds	35,900,883	55,914,660	0	0	55,914,660
Federal Funds	1,076,152,517	849,259,856	0	0	849,259,856