



Joint Budget Committee

Supplemental Budget Requests FY 2025-26

**Department of Education
Programs *other than* School Finance
& Categorical Programs**

Prepared by:
Amanda Bickel, JBC Staff
January 15, 2026

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
leg.colorado.gov/agencies/joint-budget-committee

Contents

| | |
|--|----|
| Overview of Education | 2 |
| Summary of Staff Recommendations..... | 3 |
| FY 2025-26 Summary | 3 |
| Department Supplemental Requests | 5 |
| → S3 HSMA Program balancing..... | 5 |
| → S5 Fourth Year Innovation Pilot Program..... | 7 |
| → S6 HB25-1278 roll forward | 13 |
| Staff Initiated Proposal – Early Bill Affecting FY 27 | 15 |
| → Proposed Bill to Modify the Structure of Some State Education Fund Allocations | 15 |
| Appendix A: Numbers Pages | 1 |

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 requests addressed in this packet are for 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 | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---|-----------------|-----------------|-----------------|-----------------|---------------|-------|
| FY 2025-26 Appropriation | | | | | | |
| 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 |
| 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 |
| Recommended Changes | | | | | | |
| 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 |
| S3 HSMA Program balancing | 27,530,031 | 0 | 27,530,031 | 0 | 0 | 0.0 |
| S4 School finance modernization project manager [request] | 40,584 | 40,584 | 0 | 0 | 0 | 0.3 |
| 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 |
| Impacts driven by other agencies [1] | -158,055 | -278,179 | 3,303 | 22,270 | 94,551 | 0.0 |
| Recommended FY 2025-26 Appropriation | \$7,716,816,349 | \$4,669,756,603 | \$2,141,768,409 | \$55,936,930 | \$849,354,407 | 751.7 |
| Recommended Increase/-Decrease from 2025-26 | \$27,412,560 | -\$237,595 | \$27,533,334 | \$22,270 | \$94,551 | 0.3 |
| Percentage Change | 0.4% | 0.0% | 1.3% | 0.0% | 0.0% | 0.0% |
| FY 2025-26 Executive Request | \$7,717,048,070 | \$4,669,988,324 | \$2,141,768,409 | \$55,936,930 | \$849,354,407 | 751.7 |
| Staff Rec. Above/-Below Request | -\$231,721 | -\$231,721 | \$0 | \$0 | \$0 | 0.0 |

[1] These requests will be discussed in presentations for requesting agency.

S3 HSMA Program balancing: The request and recommendation are based on the passage of Propositions LL and MM, which provide additional revenue for the Healthy School Meals for All (HSMA) Program. The request and recommendation add \$27,530,031 cash funds from the HSMA Cash Fund for school meals, add \$32,000 one-time from the cash fund for an IT systems change, and replace the fund source for an \$8.1 million appropriation from the State Education Fund with money from the HSMA Cash Fund. The request also includes a proposed statutory change. Staff recommends authorizing drafting.

S5 Fourth Year Innovation Pilot Program: The request is for an additional \$231,721 General Fund for this program for statutorily-required incentive payments to schools in the pilot for students who graduate early. The staff recommendation is that the Committee sponsor legislation so that this appropriation is not required and appropriations in this department are held flat. Staff also recommends a \$150,000 *reduction* to the General Fund appropriation for this program for FY 2025-26 in the Department of *Higher Education*.

S6 HB25-1278 Roll Forward: The request and recommendation are to provide roll forward authority for \$485,910 of the FY 2025-26 appropriation in HB25-1278 (Education Accountability System) through FY 2026-27. This corrects a technical error in the bill's appropriation.

Proposed Bill to Modify the Structure of Some State Education Fund Allocations for FY 2026-27: Staff requests drafting authority for a bill that would modify the structure of some State Education Fund allocations effective FY 2026-27. This would have a \$0 net fiscal impact.

Department Supplemental Requests

→ S3 HSMA Program balancing

| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---|--------------|--------------|--------------|-----------------|---------------|-----|
| Request | \$27,530,031 | \$0 | \$27,530,031 | \$0 | \$0 | 0.0 |
| Recommendation | 27,530,031 | 0 | 27,530,031 | 0 | 0 | 0.0 |
| Staff Recommendation Higher/-Lower than Request | 0 | 0 | 0 | 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, i.e., the passage of Propositions MM and LL in November 2025.

Request

The Department requests an FY 2025-26 supplemental increase and other adjustments related to passage of voter-approved Propositions MM and LL, which increased funding available for the Healthy School Meals for All Program.

- \$32,000 (one-time) for updates to the CDE meal reimbursement claiming portal to accurately calculate HSMA reimbursements.
- An increase of \$35,627,403 from the HSMA cash fund and a decrease of \$8,119,271 from the State Education Fund for meal reimbursements, based on:
 - (a) Voter-action which enables the program to operate throughout the year without limiting the program to high-needs sites;
 - (b) an updated forecast of full-year meal costs based on initial annual billing; and
 - (c) eliminate existing FY 2025-26 appropriations from the State Education Fund and replacing this with HSMA revenue, given the passage of Propositions MM and LL.

In addition, an addendum from the Governor’s Office also proposes a statutory change. In lieu of direct repayment of the State Education Fund of \$31.0 million for prior-year State Education Fund expenditures for the HSMA Program, it proposes to *suspend* scheduled transfers from the State Education Fund to the HSMA cash fund until the \$31.0 million is paid off. The Governor’s office estimates that using this approach to repay the SEF will result in full payment half way into FY 2029-30.

Recommendation

Staff recommends that the Committee:

- Approve the requested additional funds for the reimbursement portal changes.
- Approve the requested fund source change, replacing State Education Fund appropriations with HSMA funds.
- Approve the requested adjustment for the meal reimbursements **but also indicate a plan for further adjustment**, pending additional data on HSMA billing received between now and figure setting. Staff expects that annual appropriations will be based on a high-reasonable estimate, as the program is no longer authorized to overspend. At this point in the year, there is only 1.5 months' worth of billing data available.

For the Governor's Office "addendum", requesting a statutory change, **staff recommends that the JBC authorize a bill draft**, so that staff can work with OLLS staff on a related bill. However, this bill does not need to run with the supplemental package. Staff may recommend adjustments to the proposal after further review and consideration but believes that beginning a bill draft will be helpful.

Analysis

Each component is addressed below.

Portal Change: \$32,000 HSMA cash funds are requested on a one-time basis. In response to staff questions, the Department has explained that this is to address an enhancement to the Department's School Nutrition Portal Claim System. These enhancements have already been implemented, but charges must be allocated to the state as well as the federal share of school nutrition programs.

The School Nutrition Portal Claims System houses all federal and state program applications, monitoring, and meal claims. The system currently pays claims at the sponsor (school food authority) level. However, there are times that sites under a school food authority are ineligible for HSMA claims, so the system needs to be updated to pay claims at the *site* level. In addition, HSMA claims need to be available for specific months, not year round, so that has also required an update. Finally, the system needed to be adjusted so that the reimbursement amount for HSMA could be manually adjusted when needed.

The Department used a contractor for a total of 409 hours at \$150 per hour, resulting in a total change order of \$61,350. Approximately half of the total can be covered by a federal grant, given that school food programs involve both state and federal funds and the system changes that were required.

Fund source changes: Consistent with previously-expressed JBC intent, current law, and available HSMA funds, \$8,119,271 from the State Education Fund for meal reimbursements is not required and can be replaced from the HSMA cash fund in FY 2025-26.

Total funding for meals: The adoption of Propositions FF and MM enable the HSMA program to fully fund school meals through FY 2025-26, instead of targeting funds to needy schools for the second half of FY 2025-26, which was the basis for the funding level established in S.B. 25-214. In order to make clear that the General Assembly is following through on voter intent, staff is recommending January supplemental action. This involves adding \$27.5 million HSMA cash funds to the appropriation, in addition to the \$8.1 million fund split adjustment. Staff anticipates that an additional tweak may be needed in March to the meal funding amount, based on updated

data on expenditures thus far this year. The adjustment will bring funding for meals in FY 2025-26 to \$143.9 million.

Requested legislation: OSPB has proposed legislation to address the fact that flows between the State Education Fund and HSMA are supposed to go in two directions.

Transfers to the SEF: The HSMA program “owes” the SEF \$31.0 million. As outlined in staff’s briefing packet, \$6,483,450 was expended from the State Education Fund in FY 2023-24 and \$24,583,381 in FY 2024-25 to cover HSMA meal costs. S.B. 24-214 required a report on January 15, 2027 about whether HSMA funds would be sufficient to repay the SEF, but staff did not feel the General Assembly needed to wait that long and, in the budget briefing, suggested repaying \$16.1 million in FY 2025-26 and \$15.0 million in FY 2026-27.

Transfers from the SEF: H.B. 25-1274 required transfers *from* the SEF to the HSMA. The amount of the transfer is based on the amount of extra SEF revenue that is calculated to be attributed to the existence of HSMA. As reflected in staff’s briefing, this includes over \$10.0 million to be transferred on July 1, 2026, and \$7.0 to \$8.0 million per year thereafter. The structure in law essentially provides an extra reserve for the various HSMA grant programs.

Based on conversations with OLLS staff, **JBC staff notes that the SEF transfer to HSMA was not a provision that voters approved. It does not appear to be mentioned in the LL or MM ballot title or in the blue books.** Instead, it was a statutory change that was part of H.B. 25-1274. Thus, staff believes the General Assembly could choose to eliminate this transfer if it wishes to do so to help shore up the SEF without contravening the popular vote. The provision is, however, current law approved recently by the General Assembly.

OSPB Proposal: OSPB has proposed that instead of making large transfers from HSMA to the SEF over two years while simultaneously transferring money annually from the SEF to HSMA, the General Assembly could suspend the transfers from the SEF to HSMA as the *mechanism* for repaying the SEF. Staff sees some benefits to this proposal, particularly as it would smooth revenue to the SEF. Staff is therefore recommending bill drafting. However, staff may have proposed refinements after further work on a proposed bill draft.

→ S5 Fourth Year Innovation Pilot Program

| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---|-------------|--------------|------------|-----------------|---------------|-----|
| Request | \$231,721 | \$231,721 | \$0 | \$0 | \$0 | 0.0 |
| Recommendation in DEPT OF HIGHER EDUCATION | -150,000 | -150,000 | 0 | 0 | 0 | 0.0 |
| Staff Recommendation Higher/-Lower than Request | -\$381,721 | -\$381,721 | \$0 | \$0 | \$0 | 0.0 |

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

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: The request is based on data that was not available to CDE when the appropriation was made; however, part of it—related to FY 2023-24—was known by the Executive Branch earlier.

Request

The Department of Education requests \$231,721 General Fund for payments to school districts required under the Fourth Year Innovation Pilot Program (S.B. 21-106). The request for FY 2025-26 is based on actual program participation for FY 2023-24, which was expected to be paid in FY 2024-25, as well as estimated FY 2024-25 participation to be paid in FY 2025-26.

Table 1: SY 2023-24 Program Participation

| LEP | No. of eligible graduates | Payment based on \$1,371.13 per graduate |
|----------------------------------|---------------------------|--|
| Greeley-Evans SD6 | 208 | \$ 285,195.04 |
| Adams 12 Five Star Schools | 51 | \$ 69,927.63 |
| Colorado Early Colleges | 41 | \$ 56,216.33 |
| Aurora Public Schools | 19 | \$ 26,051.47 |
| Cañon City School District | 4 | \$ 5,484.52 |
| Total | 323 | \$ 442,874.99 |
| FY24-25 Appropriation | | \$386,659 |
| Additional Funding Needed | | \$56,215.99 |

Table 2: SY 2024-25 and Ongoing Participation (Estimated)

| SY2024-25 and Ongoing Participation (Estimated) | | |
|---|---------------------------|--|
| LEP | No. of eligible graduates | Payment based on \$1,371.13 per graduate |
| Greeley-Evans SD6 | 242 | \$ 331,813.46 |
| Adams 12 Five Star Schools | 61 | \$ 83,638.93 |
| Colorado Early Colleges | 52 | \$ 71,298.76 |
| Aurora Public Schools | 33 | \$ 45,247.29 |
| Cañon City School District | 22 | \$ 30,164.86 |
| Total | 410 | \$562,163.30 |
| FY25-26 Appropriation | | \$386,659 |
| Additional Funding Needed | | \$175,504.30 |

Recommendation

Staff does not recommend the requested increase. Instead, Staff recommends:

- The Committee sponsor legislation as part of the supplemental package to specify that allocations for *school incentives* are limited to available appropriations and may be prorated. Such legislation could also specify that school incentives for FY 2025-26 graduates (paid in FY 2026-27) be based on students graduating a full year early. With this change, staff would recommend no supplemental change for FY 2025-26 in the Department of Education (holding the FY 2025-26 appropriation in the Department flat at \$386,659) and appropriating no more than \$150,000 for school incentives in FY 2026-27. *If the legislation is not adopted, a Long Bill supplemental add-on for FY 2025-26 would be needed.*
- Staff also recommends a supplemental *reduction* in the Department of Higher Education that would reduce the current FY 2025-26 appropriation by \$150,000 General Fund to approximately \$400,000. This is based on a high estimate of the utilization for student scholarships under current law, rather than any recommended reduction in student scholarships. [The CDHE appropriation for FY 2026-27 could also be held at no more than \$400,000—but this is substantially *more* than its FY 2026-27 request of \$0. If legislative changes are adopted, staff expects the total program cost for FY 2025-26 for the two departments to be \$0.8 million, rather than \$1.2 million, and staff expects the FY 2026-27 appropriation (for the program’s last year of payments) will be substantially reduced—certainly to no more than \$0.55 million.]
- Based on data currently available, the results of this program appear to be disappointing, and staff would not recommend continuing the program.

Analysis

Program Background

S.B. 21-106 created the fourth-year innovation pilot program. The program is designed to incentivize early graduation from high school for qualified low-income students by supporting such students in continuing their postsecondary education and providing incentive payments to their local education provider (LEP/school district).

The program is funded in both the Department of Higher Education and the Department of Education. It received \$555,573 General Fund and 1.0 in the Department of Higher Education and \$386,659 General Fund in the Department of Education for FY 2025-26.¹

The Department of Education is requesting an increase of \$231,721 through its supplemental, which—if approved—would bring the total annual appropriation to **\$1.174 million General Fund** across the two departments. The Department of Higher Education has not requested a change. The law requires that the incentives to school districts be distributed by the Department of Education and that the scholarships be administered by the Department of Higher Education. The program is being administered by the Department of Higher Education.

A qualified student is a student who is determined to be low income, based on qualifying for free-and-reduced lunch at any time during grades 8 through 12 or based on qualifying for a federal Pell grant the student's last year of high school, who then enrolls in a Colorado public postsecondary institution or state-authorized private occupational school program.

Funding is based on an incentive of 25.0 percent of the average state share of average per pupil revenue for FY 2021-22 (\$1,371.13 per qualified student) that goes to the student's local education provider (LEP) for a qualified student who graduates early. If the student then enrolls in a qualified Colorado postsecondary institution, the student receives a scholarship of 75.0 percent of the average state share of average per pupil revenue for FY 2021-22 (\$4,113) for a student graduating a year early, which is reduced to 45 percent (\$2,468) for a student graduating a semester early.

The program is structured as a pilot that continues through students graduating in FY 2025-26, with payments through FY 2027-28. The program was originally capped at five LEPs. S.B. 22-140 eliminated this cap without otherwise changing the program. The JBC subsequently sponsored H.B. 24-1392, which limited the program to schools and groups of schools participating in FY 2023-24. H.B. 24-1392 also added a final evaluation component of the pilot program's data, to include an analysis of the pilot program's outcomes and cost-effectiveness, with associated recommendations due November 1, 2026.²

¹ The Department of Education also received 0.1 FTE for this program in S.B. 21-106, but this FTE was included in the program appropriation for the Innovative Learning Opportunity Pilot, which has not been continued.

² For comparison with current program costs: S.B. 21-106 was expected to require \$447,659 General Fund and 0.7 FTE by its second year. HB24-1392 was expected to add \$30,958 and 0.3 FTE for FY 2025-26 only.

Data on Program Utilization to-date

The Department of Higher Education has thus far submitted four reports on the program.³ The table below summarizes key data from the reports. Notably, while the participating school districts/consortia and payments claimed by districts are known when the reports are submitted, the number of students claiming scholarships is only an estimate, since students have up to 18 months to claim scholarships. Based on actual payments thus far, it appears actual scholarships paid out are even lower than the estimates included in the reports.

Fourth Year Innovation Pilot Participation & Projected Scholarships

| | Participating districts/consortia | Eligible graduates (Basis for district payment amounts) | DHE Projected Students claiming scholarship incentives* | DHE Projected Percentage students claiming scholarship incentives* |
|------------|-----------------------------------|---|---|--|
| FY 2021-22 | 5 | 61 | 19 | 31% |
| FY 2022-23 | 7 | 197 | 53 | 27% |
| FY 2023-24 | 11 | 379 | 133 | 35% |
| FY 2024-25 | 5 | 334 | 113 | 34% |

*Projections. Figures appear to be over-estimates.

The table below shows the district incentive amounts to be paid out by the Department of Education, based on the program’s annual reports and the estimated scholarship incentives to be paid out by the Department of Higher Education. Payments that will be made to districts for the prior year early graduates is known by the time of the reports; the number of students claiming scholarships is only estimated. However, actual payments out for scholarships in recent years, as reflected in Department of Higher Education accounting records, appears to be significantly **lower** than the Department estimates in reports. Both are well below the appropriation. Excess amounts revert to the General Fund.

Actual and Estimated Payments

| | District incentives to be Paid by CDE in Subsequent Year (Program Report) | Scholarship Incentives to be Paid by DHE in subsequent 18 months Estimate (Program Report) | Actual DHE Scholarship Expenses by Fiscal Year (OSC data) |
|------------|---|--|---|
| FY 2021-22 | \$78,154 | \$74,864 | <i>Incomplete data</i> |
| FY 2022-23 | 237,205 | 166,181 | <i>Incomplete data</i> |
| FY 2023-24 | 519,658 | 414,629 | 222,123 |
| FY 2024-25 | 457,958 | 338,120 | 199,908 |

Eligible early graduates from FY 2024-25 data (from the report) are shown below. Under current law, the state must pay school district incentives for each of these qualifying early graduates in FY 2025-26, regardless whether the students proceed to postsecondary education.

³ <https://higher.ed.colorado.gov/publications/Reports/Legislative>. Search for “Path4Ward”. The link for the most recent report: https://higher.ed.colorado.gov/publications/Reports/Legislative/General/2025/Path4Ward_Legislative_Report.pdf

| Local Education Provider | Number of 3-Year Graduates | Number of 3.5-Year Graduates | Total Eligible Students |
|----------------------------------|----------------------------|------------------------------|-------------------------|
| Adams 12 Five Star Schools* | 16 | 39 | 55 |
| Aurora Public Schools | 11 | 38 | 49 |
| Cañon City Schools** | <10 | 13 | <20 |
| Clear Creek School District | 0 | 0 | 0 |
| Colorado Early Colleges | 19 | 27 | 46 |
| Cotopaxi School District | 0 | 0 | 0 |
| East Grand School District | 0 | 0 | 0 |
| Greeley-Evans School District 6 | 59 | 153 | 212 |
| Harrison School District | 0 | 0 | 0 |
| Montezuma-Cortez School District | 0 | 0 | 0 |
| West Grand School District | 0 | 0 | 0 |
| Total | >110 | 270 | >380 |

Source: Colorado Department of Higher Education, 2024-25 reports of early graduates' data from participating LEPs

*One additional eligible graduate was reported after the July 1 deadline.

**Data suppressed to protect student privacy.

As shown above, most students in the program are graduating only one semester early. Students graduating after 3.5 years (mid-year FY 2024-25) are included in FY 2024-25 October counts used for FY 2024-25 school finance calculations, although students graduating after 3.0 years (end of FY 2023-24) are not.

Staff notes that the Department of Education budget amendment request for FY 2026-27 would *increase* program funding (by \$175,505) to \$562,1654. However, the Department of Higher Education November 1 request reflects *entirely eliminating program costs of \$559,975 General Fund and 1.0 FTE*. **Staff does not believe the Higher Education FY 2026-27 request reflects current law, which appears to require payments beyond FY 2025-26.** [Correction: After this document was printed but before presentation, OSPB noted that the January 2, 2026 executive request corrects the error in the DHE request and retains program funding in FY 2026-27. Because this was never called out as a change from November, JBC Staff were unaware of the adjustment.]

Staff Observations

- The five larger school districts/consortia that have continued in the pilot appear to have increased the number of students they claim under the program as early graduates, which increases their incentive payments. However, 30 percent or less of those early graduates are proceeding to postsecondary education or vocational training and claiming scholarships. Rural and small districts are no longer participating. *The results seem inconsistent with the program's goals and expected results.*
- Staff believes there is little justification for providing incentives to schools for students who graduate only one semester early. Schools receive a full year of per pupil operating revenue (PPOR) for any student who is present for the October count. Thus, schools are already receiving an "incentive" for students who graduate one semester early: they have already been paid for the student for a full year. There *may* be rationale for the incentive for students who graduate a full year early, if the associated funds are used to counsel students graduating early on their next steps. Staff does not currently know how schools are using these funds.
- When the program was created, nonprofits were assisting schools and students. However, grants for those nonprofits have ended, and it is unclear what supports schools are providing low-income students who

qualify for the program. The most recent report hypothesizes that this is the reason for the disappointing results thus far.

- While the benefits of the program remain uncertain, students who are graduating early in FY 2025-26 have been promised scholarships. Given this, staff is still recommending continuing scholarship payments for qualifying students who graduate early in FY 2025-26 and who enroll in Colorado postsecondary education within 18 months. Based on current law, this means that program *payments* will extend into FY 2027-28. However, unless legislation extends the program (which staff does not recommend), the program will not offer benefits for students who graduate early in FY 2026-27 or beyond.
- Staff does not recommend eliminating or reducing funding for scholarships for qualified students who qualify by graduating early in FY 2025-26, but the appropriation for student scholarships can be reduced. The total actual expenses for the program in FY 2024-25 in the Department of Higher Education was \$296,603, of which \$96,694 was to support FTE and contractual FTE costs, \$199,909 was for scholarships, and \$228,012 reverted.⁴ Based on this history and the Department’s current FY 2025-26 forecast for student scholarships, it appears that the total appropriation for both FY 2025-26 and FY 2026-27 can be reduced by at least \$150,000⁵ from the current \$555,573 appropriation, without any risk that funding for scholarships will be insufficient. This still incorporates an “over-appropriation” of \$50,000, based on recent year actual expenses. Staff assumes that any amounts not required will revert.

→ S6 HB25-1278 roll forward

| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---|-------------|--------------|------------|-----------------|---------------|-----|
| Request | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Recommendation | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Staff Recommendation Higher/-Lower than Request | \$0 | \$0 | \$0 | \$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 a technical error in calculating the original appropriation.

Request

The Department request that \$485,910 of the FY 2025-26 appropriation in HB25-1278 (Education Accountability System) receive roll-forward authorization through FY 2026-27. The request notes that the bill created a number of initiatives that build on current accountability practices. These activities include a number of new

⁴ Staff notes that \$96,694 spent for personal services and operating in FY 2024-25 is nearly double the \$52,053 (including pots) assumed in SB21-106 fiscal note, and this is augmented for FY 2025-26 only by \$30,958 for an evaluation.

⁵ One-time HB24-1392 funding is also eliminated for FY 2026-27.

studies, significant changes to the district and school performance frameworks, and a need for statewide training and support. In order to support these initiatives, CDE received \$719,000 and 4.4 FTE. In the bill drafting process, CDE requested carryforward authority for various activities that were missed in the final bill language.

Recommendation

Staff recommends that the Committee approve the request. Failure to include the roll-forward in the original bill was due to a JBC staff drafting error.

Analysis

The components identified for roll forward were the following.

- \$153,000 for Accountability Dashboard study. This study is to launch in winter 2025 with a completion date of November 2026. This study will not be completed by June 30, 2026 and the department requests access to this line item into FY27.
- \$33,500 for studies FTE. This FTE is to support the coordination of the studies in progress (the accountability dashboard, small systems, and assessment). In alignment with the timing of the studies, the department requests roll-forward for the FTE into FY27.
- \$299,410 for Performance Framework FTE. The changes to the school and district performance frameworks will be implemented during FY2025-2026 and FY2026-2027. The original fiscal note includes 2.0 FTE ongoing and additional FTE for a term limited period to support the changes to the performance framework. These FTE are in the process of being hired by the department now and the Department requests access to these funds for an additional year to support the technical changes to the frameworks. After these changes are made in the FY2026-2027 year, the need for FTE is reduced as is reflected in the original fiscal note.

Staff Initiated Proposal – Early Bill Affecting FY 27

→ Proposed Bill to Modify the Structure of Some State Education Fund Allocations

Request

The Department did not request the proposed change.

Recommendation

Staff recommends that the Committee consider sponsoring new legislation that would require appropriations—rather than transfers—from the State Education Fund for two groups of programs: (1) Early Literacy; and (2) Teacher of the Year.

Currently all allocations from the State Education Fund are *appropriations*, apart from allocations for early literacy and teacher of the year. Staff believes that making **all** allocations from the State Education Fund appropriations, instead of transfers, will improve transparency and create administrative efficiencies. To guarantee annual funding at current levels, staff suggests including statutory language that *requires* appropriations that are no less than the current statutory transfers. If the Committee is willing to run such a bill early, before the Long Bill is introduced, implementing the proposed change in the FY 2026-27 Long Bill should be straightforward.

Analysis

Under current statute, \$34,000,000 is transferred each year from the State Education Fund to the Early Literacy Fund for support of early literacy programs. Appropriations are then provided from the Early Literacy Fund. Early literacy programs also receive some appropriations from the Marijuana Tax Cash Fund and one component—the Early Literacy Assessment Tool Program—receives a direct State Education Fund appropriation.

In addition, under current statute, \$10,000 is transferred each year from the State Education Fund for the Teacher of the Year Program. This funding is continuously appropriated and is not currently included in the state budget.

The current structure makes these uses of the State Education Fund less transparent to legislators and the public and also makes these uses harder for JBC Staff to track. Further, because the Early Literacy Fund can carry a balance and the Department has reverted appropriations over the years, the current structure adds unnecessary complexity, as staff, the Department, and OSPB attempt to forecast how much will be available in the Early Literacy Fund and whether that amount can substitute for Marijuana Tax Cash Fund appropriations and/or be used for additional program appropriations. In the current environment, this more complicated structure—and the extra reserve it creates—appear to serve little useful purpose. Staff believes any unused funds should simply revert directly to the State Education Fund.

As noted above, the staff recommendation would still **require appropriations** of no less than \$34.0 million from the State Education Fund for early literacy and would still require an appropriation of no less than \$10,000 for Teacher of the Year. Thus, the proposed change is purely technical.

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 |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|
|--|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|

| |
|---|
| Department of Education Susana Cordova, Commissioner |
|---|

S3 HSMA Program Balancing

(3) School District Operations

(D) Nutrition

(I) Healthy School Meals for All

| | | | | | |
|--------------------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|
| Program Administration | <u>533,981</u> | <u>436,824</u> | <u>32,000</u> | <u>32,000</u> | <u>468,824</u> |
| FTE | 3.2 | 3.2 | 0.0 | 0.0 | 3.2 |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| General Fund Exempt | 0 | 0 | 0 | 0 | 0 |
| Cash Funds | 533,981 | 436,824 | 32,000 | 32,000 | 468,824 |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| School Meal Reimbursements | <u>127,820,967</u> | <u>116,401,969</u> | <u>27,498,031</u> | <u>27,498,031</u> | <u>143,900,000</u> |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| General Fund Exempt | 0 | 0 | 0 | 0 | 0 |
| Cash Funds | 127,820,967 | 116,401,969 | 27,498,031 | 27,498,031 | 143,900,000 |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |

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

| | 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 |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|
| Total for S3 HSMA Program Balancing | 128,354,948 | 116,838,793 | 27,530,031 | 27,530,031 | 144,368,824 |
| <i>FTE</i> | <u>3.2</u> | <u>3.2</u> | <u>0.0</u> | <u>0.0</u> | <u>3.2</u> |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| General Fund Exempt | 0 | 0 | 0 | 0 | 0 |
| Cash Funds | 128,354,948 | 116,838,793 | 27,530,031 | 27,530,031 | 144,368,824 |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |

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

| | 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 |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|
|--|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|

S5 Fourth Year Innovation Pilot Program Funding

(7) Student Pathways

(C) Career Readiness

Fourth-year Innovation Pilot Program - Distributions

| | | | | | |
|--------------|----------------|----------------|----------------|----------|----------------|
| to LEPs | <u>386,659</u> | <u>386,659</u> | <u>231,721</u> | <u>0</u> | <u>386,659</u> |
| General Fund | 386,659 | 386,659 | 231,721 | 0 | 386,659 |
| Cash Funds | 0 | 0 | 0 | 0 | 0 |

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Total for S5 Fourth Year Innovation Pilot Program | | | | | |
| Funding | 386,659 | 386,659 | 231,721 | 0 | 386,659 |
| <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 | 386,659 | 386,659 | 231,721 | 0 | 386,659 |
| Cash Funds | 0 | 0 | 0 | 0 | 0 |

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

| | 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 |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|
|--|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|

S6 HB25-1278 Roll Forward

(6) School Quality and Support

(A) Accountability and Transformation

| | | | | | |
|---|------------------|------------------|-----|-----|------------------|
| Accountability and Improvement Planning | <u>1,348,365</u> | <u>3,154,573</u> | 0 | 0 | <u>3,154,573</u> |
| FTE | 15.1 | 19.6 | 0.0 | 0.0 | 19.6 |
| General Fund | 1,348,365 | 2,089,304 | 0 | 0 | 2,089,304 |
| Cash Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 1,065,269 | 0 | 0 | 1,065,269 |

| | | | | | |
|--|-------------|-------------|------------|------------|-------------|
| Total for S6 HB25-1278 Roll Forward | 1,348,365 | 3,154,573 | 0 | 0 | 3,154,573 |
| FTE | <u>15.1</u> | <u>19.6</u> | <u>0.0</u> | <u>0.0</u> | <u>19.6</u> |
| General Fund | 1,348,365 | 2,089,304 | 0 | 0 | 2,089,304 |
| Cash Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 1,065,269 | 0 | 0 | 1,065,269 |

| | | | | | |
|---|---------------|---------------|------------|------------|---------------|
| Totals Excluding Pending Items | | | | | |
| EDUCATION | | | | | |
| TOTALS for ALL Departmental line items | 7,971,113,393 | 7,689,403,789 | 27,761,752 | 27,530,031 | 7,716,933,820 |
| FTE | <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 | 231,721 | 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 | 27,530,031 | 27,530,031 | 2,141,765,106 |
| 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 |



Memorandum

To: Joint Budget Committee
From: Amanda Bickel, JBC Staff (303-866-4960)
Date: January 15, 2026
Subject: Department of Education Impacts Driven by Other Agencies – FY 2025-26 supplementals

Staff inadvertently omitted the description and table showing Impacts Driven by Other Agencies in the Department of Education supplemental packet. It is instead included below.

Impacts driven by other agencies: The request includes a net decrease of \$0.1 million for requests from other state agencies. These are also called “non-prioritized requests.” These requests are discussed during supplemental presentations for the lead requesting agency, at which point a staff recommendation will be made. Staff will update these figures to reflect the Committee’s decisions on these requests.

Impacts driven by other agencies

| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---------------------------------------|-------------------|-------------------|----------------|-----------------|-----------------|------------|
| OIT Real time billing | -76,532 | -56,492 | -15,177 | -4,863 | 0 | 0.0 |
| Health, Life, and Dental supplemental | -75,645 | -215,809 | 18,480 | 27,133 | 94,551 | 0.0 |
| DPA Annual fleet supplemental | -5,878 | -5,878 | 0 | 0 | 0 | 0.0 |
| Total | -\$158,055 | -\$278,179 | \$3,303 | \$22,270 | \$94,551 | 0.0 |