



Joint Budget Committee Staff

Nonpartisan Budget Analysis for Colorado's Legislature

JBC Staff – Comeback & Additional Information

EDUCATION

JBC Staff: Amanda Bickel, (303-866-4960)

Date: March 30, 2026

BEST/Charter School/Permanent Fund \$70M Options

- The Committee has indicated that it wishes to use \$70 million from the Building Excellent Schools Today, Charter School Facilities Assistance, and/or State Land Board Revenue that would otherwise be deposited to the Permanent Fund to help balance the budget. *Given this range of choices and recent levels of revenue from the State Land Board, staff believes the Permanent Fund option is reasonable on a one-time basis.*
- Based on information from the Department of Natural Resources, Treasury, and OSPB, the staff recommendation for mechanical steps is as follows:
 - State Land Board royalties and other payments that would otherwise go to the Permanent Fund would instead be deposited in the State Public School Fund. The staff recommendation would be to assume **\$25 million could be diverted in this way in FY 2025-26, and an additional \$45 million could be diverted this way in FY 2026-27.** The \$25M would be from the final quarter of money transferred from the SLB to the Permanent Fund in FY 2025-26.
 - **In FY 2025-26, \$70M from the State Public School Fund would be appropriated for State Share of Districts' Total Program Costs line item through FY 2025-26 supplemental action, and the General Fund appropriation for FY 2025-26 would be reduced by the same amount.** Even though some of the revenue diversion would not occur until FY 2026-27, *there is enough of a reserve in the State Public School Fund to make the appropriation change in FY 2025-26.*
- **OSPB indicates that it is currently forecasting money deposited from the State Land Board to the Permanent Fund to be \$113.9M in FY 2025-26 and \$104.0M in FY 2026-27.**
- As noted to the Committee by advocates, **diversion of State Land Board revenue to the State Public School Fund lieu of the Permanent Fund has occurred in the past.** This includes diversion of essentially all the Permanent Fund share of State Land Board revenue to the State Public School Fund in FY 2020-21 under HB20-1418 (School Finance) in response to anticipated COVID-19 economic impacts.

- **JBC Staff recommends the Committee take this action on a one-time basis only.** Staff understand that the State Treasurer concurs with this. Staff has included *excerpts from the State Constitution* regarding the use of State Land Board money and the Permanent Fund. Most of the revenue that is currently being generated by the State Land Board is from mineral royalties—effectively a sale of an asset. If the State ceases to deposit this money in the Permanent Fund on an ongoing basis, the value of the State’s Public Land Trust/Permanent Fund will degrade.

Public School Permanent Fund

The table below summarizes Permanent Fund revenue and expenditures **including** State Land Board revenue that passes through Treasury en route to the Department of Education. As shown in the table below for FY 2024-25:

- *Permanent Fund Balance:* As of the end of the year, the Permanent Fund balance was \$1.8 billion
- *Permanent Fund Growth:* Permanent Fund growth included \$114.6 million from State Land Board revenue from the Department of Natural Resources and \$100.8 million in *unrealized* capital gains.
- *Permanent Fund Interest Distributions:* \$53 million in Permanent Fund interest was paid out for the benefit of public schools. [Under current law, all of those funds go to BEST, but total revenue to BEST from most sources is capped at \$150M per year, with the spillover going to the State Public School Fund to support school finance.¹
- *Total Distributions to Department of Education (primarily BEST):* Distributions totaled \$181.8 million. This included \$53 million in Permanent Fund interest and \$128.2 million from State Land Board revenue deposited to the Public School Capital Construction Assistance Fund. Based on recent changes to law, all revenue from the Permanent Fund and State Land Board proceeds go to BEST, but total BEST revenue is capped, so that there is “spillover” currently estimated at about \$50 million to the State Public School Fund to support school finance.

FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2025

Fund Activity	FY End June 30, 2025	FY End June 30, 2024	FY End June 30, 2023
Beginning Fund Value (Cash + Investments)	\$1,625,771,481	\$1,392,149,532	\$1,242,693,044
Transfers to PSPF:			
State Land Board Rents, Royalties, & NSE	114,627,430	154,055,416	117,116,674
Funds Escheats Fund	320,611	378,089	160,753
Realized Gains / (Losses)	4,017,051	86,655	941,995
Change in Unrealized Market Gain / (Loss)	100,808,753	79,101,789	31,237,066
Ending Fund Value	\$1,845,545,325	1,625,771,481	1,392,149,532

Income / Expense Summary	FY End June 30, 2025	FY End June 30, 2024	FY End June 30, 2023
Total Portfolio Earned Income	57,390,936	50,916,304	41,333,528

¹ Permanent Fund interest that exceeds \$41.0M is not included in the cap calculation.

Total Expenses	(1,371,087)	(811,467)	(1,172,492)
Change in Income	(2,283,897)	(1,307,301)	(1,122,896)
Receivable CRS 22-41-105 Recoveries	(132,361)	(187,747)	(254,587)
Net Income Available for Distribution	\$53,603,591	48,609,790	38,783,553

Distribution and Transfer of State Funds by Statute	FY End June 30, 2025	FY End June 30, 2024	FY End June 30, 2023
Distribution of Funds Received from DNR:			
Forest Funds Paid & Payable to Counties	53,624	49,542	46,405
Net SLB Revenues & NSE Funds Transferred to PSPF Corpus	114,627,430	146,339,202	117,116,674
SLB Revenues Transferred to BEST	128,162,591	114,778,644	134,741,821
SLB Revenues Transferred to the Public School Fund	-	-	-
Total Funds Received from DNR	\$242,843,645	261,167,388	251,904,900

Distribution to CDE:			
SLB Revenues Transferred to BEST	128,162,591	114,778,644	134,741,821
SLB Revenues Transferred to the State Public School Fund	-	-	-
PSPF Income Distribution to BEST**	42,603,591	20,000,000	17,783,552
PSPF Income Distribution to the State Public School Fund***	11,000,000	21,000,000	21,000,000
Total Transfers to CDE [As of FY 2026-27, all is directed to BEST, but BEST revenue is—in total—capped and the spill-over goes to the State Public School Fund]	181,766,183	155,778,644	173,525,373
**CRS 22-41-102(3)(i)(IV)- Over 41 million to BEST -public school capital construction assistance fund			
***This distribution declines to \$0 in FY 2026-27, with all income going to BEST			

Distribution To PSPF WAAA (Treasury):			
PSPF Income Distribution to the Public School Permanent Fund	-	7,649,743	-
Total Transfer to PSPF WAAA	-	7,649,743	-

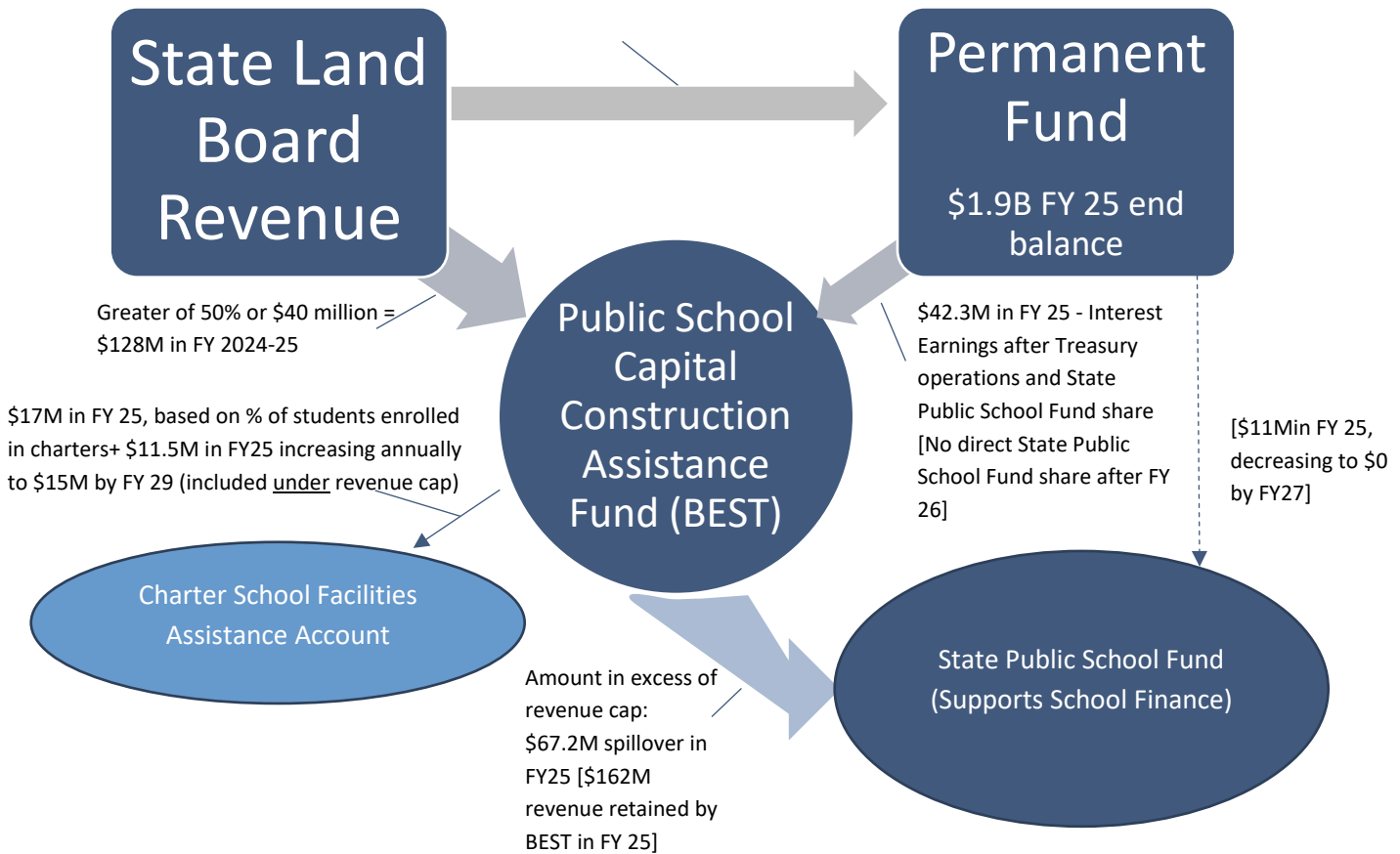
Asset Allocation at June 30, 2025 Cost		Unrealized Gain / (Loss)	Market Value
Total Fixed Income	1,063,991,596	(69,444,378)	994,547,218
Total Equity	475,454,790	220,425,476	695,880,266
Cash & Cash Equivalents	23,148,292	-	23,148,292
Total Fund Value	\$1,562,594,678	\$150,981,098	\$1,713,575,776

Some additional information about the State Land Board and Permanent Fund is available in the following LCS memo: https://content.leg.colorado.gov/sites/default/files/r25-829_issue_brief_on_permanent_fund_and_slb_accessible_1.pdf

Graphic

The graphic below begins with the distribution of money from the State Land Board to BEST and the Permanent Fund and then includes additional information about where money distributed to the Public School Capital Construction Assistance Fund goes.

State Land Board Revenue and the Permanent Fund



Constitutional Provisions - State Land Board and Permanent Fund

As staff have noted, the trust for public schools dates to the founding of the State, with the key provisions added in 1876. There are two components to the trust:

- State Land Board lands granted to the State by the federal government;
- The Permanent Fund (referenced in the Constitution as the “Public School Fund”).

The key provisions are located in Article IX - Education, and are excerpted below.

Section 3. SCHOOL FUND INVIOLEATE. The public school fund of the state shall, except as provided in this article IX, forever remain inviolate and intact and the interest and other income thereon, only, shall be expended in the maintenance of the schools of the state, and shall be distributed amongst the several counties and school districts of the state, in such manner as may be prescribed by law. No part of this fund, principal, interest, or other income shall ever be transferred to any other fund, or used or appropriated, except as provided in this article IX. The state treasurer shall be the custodian of this fund, and the same shall be securely and profitably invested as may be by law directed. The state shall supply all losses thereof that may in any manner occur. In order to assist public schools in the state in providing necessary buildings, land, and equipment, the general assembly may adopt laws establishing the terms and conditions upon which the state treasurer may (1) invest the fund in bonds of school districts, (2) use all or any portion of the fund or the interest or other income thereon to guaranty bonds issued by school districts, or (3) make loans to school districts. Distributions of interest and other income for the benefit of public schools provided for in this article IX shall be in addition to and not a substitute for other moneys appropriated by the general assembly for such purposes.

Section 5. OF WHAT SCHOOL FUND CONSISTS. The public school fund of the state shall consist of the proceeds of such land as have heretofore been, or may hereafter, be granted to the state by the general government for educational purposes; all estates that may escheat to the state; also all other grants, gifts or devises that may be made to this state for educational purpose. *[Never amended]*

Section 9. STATE BOARD OF LAND COMMISSIONERS. (6) The board shall serve as the trustee for the lands granted to the state in public trust by the federal government, lands acquired in lieu thereof, and additional lands held by the board in public trust. It shall have the duty to manage, control, and dispose of such lands in accordance with the purposes for which said grants of land were made and section 10 of this article IX, and subject to such terms and conditions consistent therewith as may be prescribed by law.

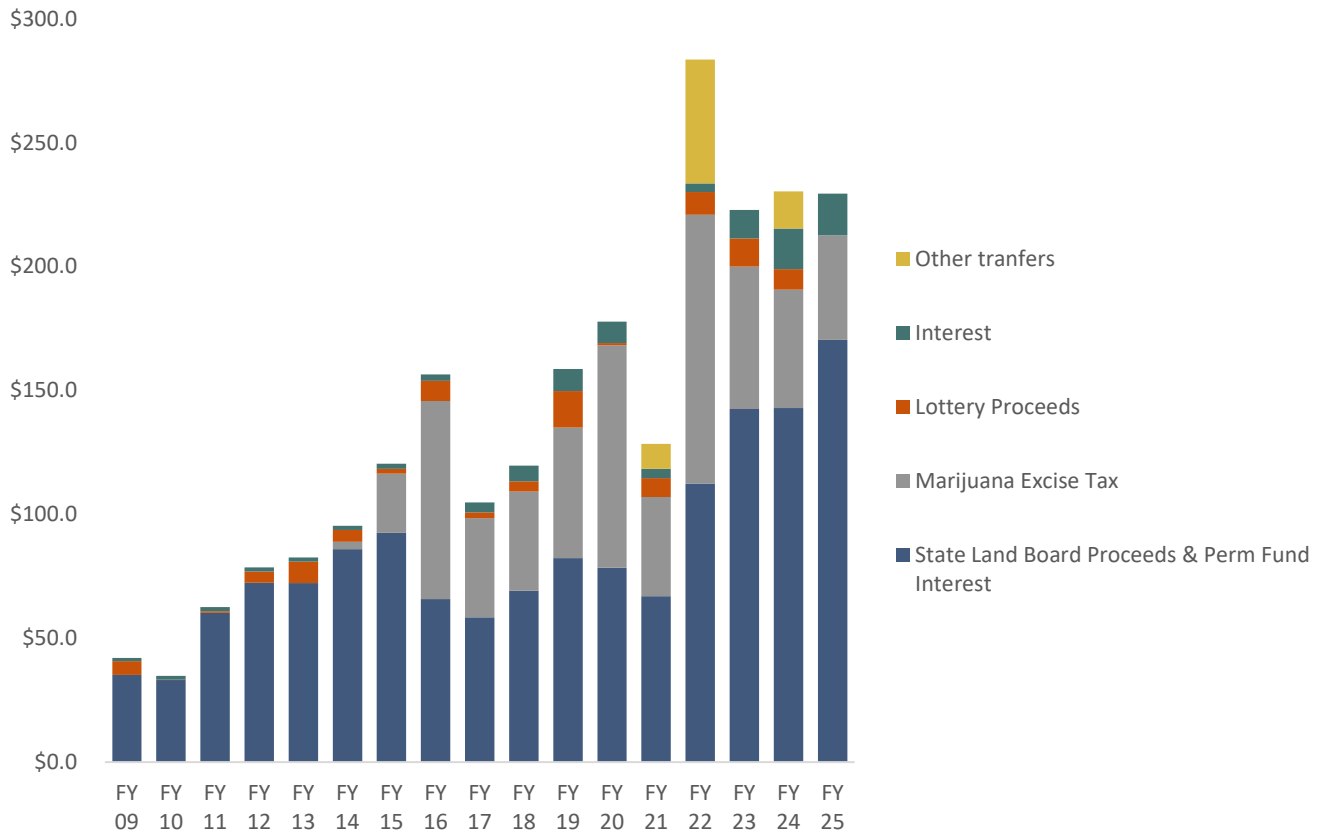
Section 10. SELECTION AND MANAGEMENT OF PUBLIC TRUST LANDS. (1) The people of the state of Colorado recognize (a) that the state school lands are an endowment of land assets held in a perpetual, inter-generational public trust for the support of public schools, which should not be significantly diminished, (b) that the disposition and use of such lands should therefore benefit public schools including local school districts, and (c) that the economic productivity of all lands held in public trust is dependent on sound stewardship, including protecting and enhancing the beauty, natural values, open space and wildlife habitat thereof, for this and future generations. In recognition of these principles, the board shall be governed by the standards set forth in this section 10 in the discharge of its fiduciary obligations, in addition to other laws generally applicable to trustees.

It shall be the duty of the state board of land commissioners to provide for the prudent management, location, protection, sale, exchange, or other disposition of all the lands heretofore, or which may hereafter be, held by the board as trustee pursuant to section 9(6) of this article IX, in order to produce reasonable and consistent income over time....

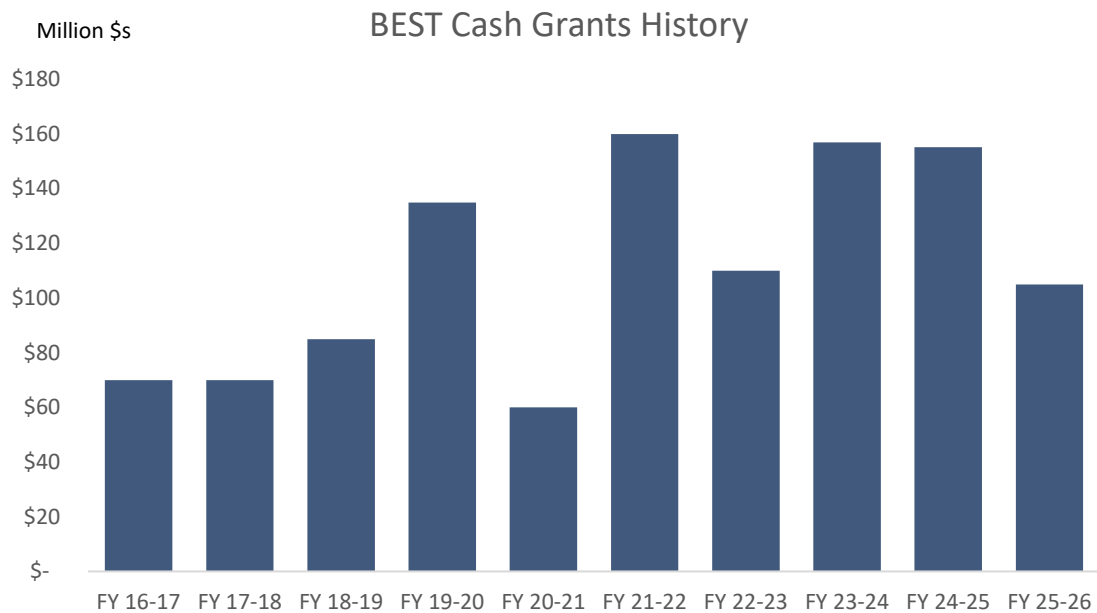
BEST background (information previously provided)

The chart below shows the history of revenue to the fund, which is dominated by State Land Board, Permanent Fund interest, and marijuana excise tax revenue. Importantly, this shows revenue BEFORE the \$150 million revenue cap imposed in FY 2024-25. Starting in FY 2024-25, much of the amount above \$150M is diverted to the State Public School Fund to support school district operations.

Public School Capital Construction Assistance Fund Revenue: Reliance on State Land Board Proceeds and Marijuana Excise Tax (Million \$s) [1]



[1] FY 2024-25 reflects revenue before spillover to the State Public School Fund



[1] FY 2024-25 reflects amounts awarded, which was less than the \$119M appropriated

The FY 2026-27 cash grant appropriation approved is \$107.4 Million. However, with the revenue cap that is now in place, staff expects funds available for cash grants to *decline*. As shown below, there is currently \$204.3 million in appropriations from funds originating from the Public School Capital Construction Fund; *Since the fund is capped, staff assumes that ultimately, under current law, the total will need to decline to \$150 to \$170 million, which will primarily drive reductions to cash grants.* Currently, the fund balance includes reversions, which allow for a higher level of appropriations.

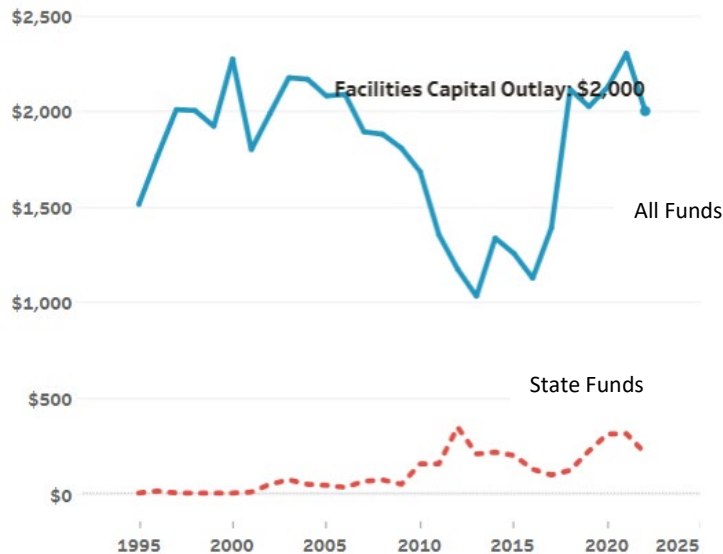
FY 2026-27 Appropriations Originating from PSCCAF

Division of Public School Capital Construction Assistance + centrally approp'd pots (16.0 FTE)	\$2,722,691
Financial Assistance Priority Assessment (Statewide Needs Assessment Contract)	329,801
Public School Capital Construction Assistance Board - Lease Payments	75,000,000
Public School Capital Construction Assistance Board - Cash Grants	107,443,000
Charter School Facilities Assistance Account	18,821,200
Total	\$204,316,692

As described in staff’s budget briefing, BEST support represents a small—if important—component of state support for public school capital construction. As detailed in the staff budget briefing, *compared to other states, Colorado’s overall investment in public school facilities from state and local sources has been relatively strong, with capital outlay of \$1,688 per student from FY 2012-13 and FY 2021-22.*

Colorado Facilities Capital Expenditures and State Revenue for Capital Outlay

All Districts, Per Student, 2024 Inflation Adjusted \$



Source: [National Center on School Infrastructure Dashboard](https://school-infrastructure.org/resources/interactive-data-dashboard-on-public-school-facilities-funding-bck/) <https://school-infrastructure.org/resources/interactive-data-dashboard-on-public-school-facilities-funding-bck/>

Charter School Facilities Assistance (information previously provided)

The FY 2026-27 appropriation for Charter School Facilities Assistance under current law is \$43,005,699. This includes \$24.2 million from the State Education Fund, with the balance from the Charter School Facilities Assistance Account in the Public School Capital Construction Assistance Fund. As authorized by the JBC, this figure is updated to reflect the March forecast.

Program Funding Sources. The Charter School Facilities Assistance Program, first created in **2001**, distributes funds on a per-pupil basis to most charter schools in the State. Charter School Facilities Assistance currently draws on four sources, dictated by formula.

- formula allocations from the Public School Capital Construction Assistance Fund, deposited to the Charter School Facilities Assistance Account, that are based on the share of total public school student FTE enrolled in charter schools (\$7M for FY 26),
- additional allocations from the Public School Capital Construction Assistance Fund added in H.B 24-1448 (New School Finance Formula - \$12M in FY 2025-26 growing to \$15.0 million in FY 2028-29),
- State Education Fund formula allocations that are based on charter school students as a percentage of total student enrollment (\$23.5M in FY 2025-26), and
- off-budget federal grant funds (\$10M in FY 2025-26, declining through FY 2028-29).

Under current law and funding streams, the program receives an increasing share of money available in the Public School Capital Construction Assistance Fund through FY 2028-29 and then faces a cliff, losing approximately one-third of total funding (about \$18 million in state and federal funds) in FY 2029-30.

The following table is out of date, but provides a history of per pupil funding amounts for this line item from FY 2006-07 with earlier forecasts of revenue that would be available for this program. More recent estimates of FY 2026-27 available revenue are about \$3.0 million below the forecasts shown below due to the decline in Marijuana Excise Tax revenue deposited in the PSCCAF, as well as lower State Education Fund allocations based on the statutory formula.

State Funding for Charter School Capital Construction Grant Program (with projections for fiscal years through 2028-29)						
Fiscal Year	State Education Fund	Excise Tax Funding	One-Time Funding	State Legislated Funding for SFIG	Total Funding	Growth from Base year
FY01-02	\$ 6,471,051.60				\$ 6,471,051.60	
FY02-03	\$ 7,813,943.00				\$ 7,813,943.00	
FY03-04	\$ 5,000,000.00				\$ 5,000,000.00	
FY04-05	\$ 5,000,000.00				\$ 5,000,000.00	
FY05-06	\$ 5,000,000.00				\$ 5,000,000.00	
FY06-07	\$ 7,800,000.00				\$ 7,800,000.00	
FY07-08	\$ 5,000,000.00				\$ 5,000,000.00	
FY08-09	\$ 5,000,000.00				\$ 5,000,000.00	
FY09-10	\$ 5,000,000.00				\$ 5,000,000.00	
FY10-11	\$ 5,000,000.00				\$ 5,000,000.00	
FY11-12	\$ 5,000,000.00				\$ 5,000,000.00	
FY12-13	\$ 6,000,000.00				\$ 6,000,000.00	
FY13-14	\$ 7,000,000.00				\$ 7,000,000.00	
FY14-15	\$ 13,500,000.00				\$ 13,500,000.00	
FY15-16	\$ 20,000,000.00	\$ 2,000,000.00			\$ 22,000,000.00	
FY16-17	\$ 20,000,000.00	\$ 5,000,000.00			\$ 25,000,000.00	
FY17-18	\$ 20,000,000.00	\$ 5,000,000.00			\$ 25,000,000.00	
FY18-19	\$ 20,000,000.00	\$ 9,250,000.00			\$ 29,250,000.00	
FY19-20	\$ 20,656,559.00	\$ 7,951,358.00			\$ 28,607,917.00	
FY20-21	\$ 22,430,131.00	\$ 9,390,631.00			\$ 31,820,762.00	
FY21-22	\$ 22,829,962.00	\$ 8,696,085.00			\$ 31,526,047.00	
FY22-23	\$ 23,939,892.74	\$ 14,669,782.59			\$ 38,609,675.33	SFIG Base Year
FY23-24	\$ 24,379,016.00	\$ 8,855,662.60	\$ 10,000,000.00		\$ 43,234,678.60	
Total	\$ 282,820,555.34	\$ 70,813,519.19	\$ 10,000,000.00		\$ 363,634,074.53	
FY24-25	\$ 23,935,468.00	\$ 7,457,233.96		\$ 11,500,000.00	\$ 42,892,701.96	\$ 4,283,026.63
FY25-26	\$ 24,287,686.51	\$ 7,643,864.37		\$ 12,000,000.00	\$ 43,931,550.88	\$ 5,321,875.55
FY26-27	\$ 24,641,675.07	\$ 8,491,264.33		\$ 13,000,000.00	\$ 46,132,939.40	\$ 7,523,264.07
FY27-28	\$ 24,995,663.64	\$ 9,063,803.42		\$ 14,000,000.00	\$ 48,059,467.06	\$ 9,449,791.73
FY28-29	\$ 25,349,652.21	\$ 9,666,187.54		\$ 15,000,000.00	\$ 50,015,839.75	\$ 11,406,164.42

The table below shows the funding from the federal grant received for charter school capital construction which augments the funding in this line item.

Federal Charter School Assistance Grant

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Federal Funds Available for Awards	\$11,025,000	\$9,800,000	\$7,350,000	\$4,900,000	\$2,450,000	\$35,525,000
Federal funds for Admin	347,375	354,162	363,535	373,195	383,148	1,821,414
Total Federal Award	\$11,372,375	\$10,154,162	\$7,713,535	\$5,273,195	\$2,833,148	\$37,346,414

Comparison Between Charter School and Other School Facilities Condition + Charter Access to BEST: In response to questions from Sen. Amabile, the Department provided data about capital construction support for charter schools provided by the State.

- The Department’s statewide data indicates that **charter schools are on average in better condition than district schools overall, based on their Facility Condition Index.** The average year of construction for charters is 1992. The average for districts is 1984. FCI scores are between 0 and 1. The lower the score the better. The charter average is 0.35. The district average is 0.51.
- **Charter schools and district schools have similar “adequacy” scores.** This is a measure of how well facilities support programming.
- **In recent years, charter schools have received a disproportionately *large* share of BEST grant funding.** Charter schools currently make up about 15.4 percent of all enrollment. Between FY 2023-24 and FY 2025-26, charter schools received, respectively, 24.2 percent, 18.1 percent, and 26.0 percent of all BEST grants.