

# FY 2026-27 Budget Briefing Summary

## 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 develops and maintains state model content standards, administers associated assessments, distributes state and federal funds to school districts, and administers a variety of education-related programs. The Department's FY 2025-26 appropriation represents 27.6 percent of statewide General Fund appropriations.

This document covers the Public School Finance and Categorical Programs subdivisions of the School District Operations division of the Department of Education. Other divisions and subdivisions will be addressed in a separate staff briefing.

## Summary of Request

### Department of Education

Item	Total Funds	General Fund [2]	Cash Funds	Reapprop. 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>Total</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>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$7,689,403,789	\$4,669,994,198	\$2,114,235,075	\$55,914,660	\$849,259,856	751.4
R1 State share of total program [1]	166,990,163	50,000,000	116,990,163	0	0	0.0
R2 Categorical programs increase [1]	14,539,542	0	14,539,542	0	0	0.0
R3 CSI Mill Levy Equalization	-3,916,033	-3,916,033	0	0	0	0.0
R4 BEST assessment IT system	450,000	0	450,000	0	0	0.0
R5 READ Act awareness campaign and evaluation	-950,000	0	-950,000	0	0	0.0
R6 Restructuring social studies assessment	-233,273	0	-233,273	0	0	0.0
R7 Local Accountability Grant Program reduction	-100,000	-100,000	0	0	0	0.0
R8 Administrative efficiencies	-345,013	-202,079	-92,292	-8,646	-41,996	0.0
R9 CSDB teacher salary increase	47,603	47,603	0	0	0	0.0
Employee compensation common policies	5,805,078	2,462,638	900,472	869,828	1,572,140	0.0
Operating common policies	-265,345	-295,487	18,600	-1,344	12,886	0.0
Impacts driven by other agencies	367,952	356,101	2,086	1,731	8,034	1.8
<b>Prior year actions [1]</b>	<b>-724,863</b>	<b>-5,858,862</b>	<b>5,133,999</b>	<b>0</b>	<b>0</b>	<b>-2.7</b>
<b>Total</b>	<b>\$7,871,069,600</b>	<b>\$4,712,488,079</b>	<b>\$2,250,994,372</b>	<b>\$56,776,229</b>	<b>\$850,810,920</b>	<b>750.5</b>

Item	Total Funds	General Fund [2]	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Increase/-Decrease	\$181,665,811	\$42,493,881	\$136,759,297	\$861,569	\$1,551,064	-0.9
Percentage Change	2.4%	0.9%	6.5%	1.5%	0.2%	-0.1%

[1] Items addressed in this document. Other requests will be addressed in separate staff briefings.

[2] Includes General Fund Exempt.

Changes are assumed to be ongoing unless otherwise noted.

**R1 State share of total program [legislation]:** The Executive Branch's school finance request proposes implementing the new formula as planned for FY 2026-27 but anticipates pausing implementation for FY 2027-28.

Year 1: A net increase of \$167.0 million. This includes increases of \$50.0 million General Fund, \$45.3 million from the State Education Fund, and \$71.7 million from the State Public School Fund.

Year 2: Anticipates a General Fund increase of \$275.0 million above the FY 2026-27 request *and* a pause in the implementation of the new school finance formula.

See the first issue brief in this document for a detailed discussion of the school finance formula.

**R2 Categorical programs increase:** The Department requests \$14.5 million to meet its constitutional requirement<sup>1</sup> to increase categorical programs by at least the rate of inflation each year. The request is based on the Office of State Planning and Budgeting's (OSPB) estimated 2.6 percent inflation rate and will be paid from the State Education Fund. The requested increase for each categorical program line is shown below. See the second issue brief in this document for a detailed discussion of categorical program funding.

#### R2 Requested Increases in State Funding for Categorical Programs

Long Bill Line Item	FY 2025-26 Appropriation	FY 2026-27 Request	Change in State Funding	Percent Change
Special Education - Children with Disabilities	\$388,694,798	\$398,800,863	\$10,106,065	2.6%
English Language Proficiency Program	35,866,264	36,555,792	689,528	1.9%
Public School Transportation	72,973,821	75,256,184	2,282,363	3.1%
Career and Technical Education Programs	32,689,057	33,769,287	1,080,230	3.3%
Special Education - Gifted and Talented Children	16,793,762	17,167,234	373,472	2.2%
Expelled and At-risk Student Services Grant Program	9,473,039	9,478,248	5,209	0.1%
Small Attendance Center Aid	1,606,548	1,607,186	638	0.0%
Comprehensive Health Education	1,115,829	1,117,866	2,037	0.2%
Total	\$559,213,118	\$573,752,660	\$14,539,542	2.6%

**Prior year actions:** The request for School District Operations - subdivisions (A) Public School Finance and (B) Categorical Programs includes a net decrease of \$15.9 million for the impact of prior year budget decisions and legislation. However, staff has noted an error of -\$13.9 million from the State Education Fund related to H.B. 25-1320 (School Finance Act). The adjustment for total program savings attributable to H.B. 25-1320 was also included in calculations for R1 and is therefore double counted. The Department indicates that it will submit a corrected budget amendment in January.

<sup>1</sup> Colorado Constitution, Article IX, Section 17, created by Amendment 23

### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 23-287 School Finance Act	\$1,058,115	\$0	\$1,058,115	\$0	\$0	0.0
FY 25-26 Salary survey	320,267	40,340	6,531	0	273,396	0.0
FY 25-26 Step Plan	74,320	6,259	2,144	0	65,917	0.0
HB 25-1320 School Finance Act	-17,365,530	0	-17,365,530	0	0	0.0
Total	-\$15,912,828	\$46,599	-\$16,298,740	\$0	\$339,313	0.0

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**R1 State Share of Total Program:** Current law requires the General Assembly to implement the new school finance formula at 30 percent in FY 2026-27 while allowing up to 3-year averaging for student counts. The Executive Budget Request does not propose any changes for FY 2026-27, but anticipates that implementation of the new formula will be paused in FY 2027-28. This issue brief compares the request to projections using Legislative Council Staff modeling and assumptions.

**R2 Categorical Programs Increase:** The Colorado Constitution requires the total amount of state funding appropriated for categorical programs to annually increase by at least the rate of inflation, estimated at \$14.5 million in FY 2026-27. This issue brief demonstrates options for allocating the inflationary increase among categorical programs and discusses challenges related to special education funding.

**Budget Reduction Options:** The Executive Budget Request does not include reductions to this part of the budget in FY 2026-27. This issue brief discusses two options for savings related to the school finance formula identified by staff.

## For More Information

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To read the entire briefing: Go to <https://content.leg.colorado.gov/content/budget#budget-documents-section> to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.