



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1174: SCHOOL FINANCE MID-YEAR ADJUSTMENTS

Prime Sponsors:

Rep. Brown; Taggart
Sen. Amabile; Kirkmeyer

Fiscal Analyst:

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Bill Outcome: Signed into Law**Drafting Number:** LLS 26-0811**Version:** Final Fiscal Note**Date:** June 15, 2026

Fiscal note status: This fiscal note reflects the enacted bill. The bill was recommended by the Joint Budget Committee as part of the FY 2025-26 supplemental bill package.

Summary Information

Overview. The bill makes mid-year adjustments to the 2025 School Finance Act to account for updates to the enrollment and local share estimates used in the original appropriation.

Types of impacts. The bill is projected to affect the following areas on a one-time basis:

- State Expenditures
- School Districts

Appropriations. For the current FY 2025-26, the bill requires and includes a \$103,472,508 decrease in appropriations to the Colorado Department of Education.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0
State Expenditures (State Education Fund)	-\$103,472,508	\$0	\$0
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Summary of Legislation

This bill makes mid-year adjustments to the 2025 School Finance Act to account for changes in enrollment and assessed values from estimates used in the original appropriation. Changes are based on the October 2025 student count and actual property values for the 2025 tax year.

The bill reflects lower than expected student enrollment, and higher than expected local share revenue. The bill decreases total program by \$33.5 million. With the local share increasing by \$69.9 million, this results in a \$103.5 million decrease in the state share of total program.

Under current law, a school district's FY 2025-26 total program is the greater of their FY 2024-25 total program funding, or the total program calculated by the old school finance formula plus 15 percent of the difference between the old school finance formula and new school finance formula. The bill clarifies this hold harmless provision by specifying that for FY 2025-26, if a district's total program under the new formula is less than under the old formula, a district receives the greater of the old formula total program or their FY 2024-25 total program.

Background

Process

At the time the Long Bill appropriation for school finance is established, many data are unknown. The initial appropriation is based on forecasts of the funded pupil count, the number of at-risk students, and property tax revenue. School districts then conduct a student count in October, county assessors and the State Board of Equalization certify total assessed values for all taxable property, and the school district boards certify each district's mill levy for school finance. These data are finalized by school districts and compiled by the Colorado Department of Education (CDE) in early January. CDE then submits a supplemental request to make mid-year appropriation changes based on actual data.

Changes from Initial Appropriation

For FY 2025-26, the funded pupil count was about 4,000 student FTE lower than forecast, and the at-risk student count was about 3,400 FTE lower than projected. Additionally, the number of English language learners, online students, special education students, and extended high school declined from the estimates used in the initial appropriation. The lower counts decreased overall school finance funding by \$33.5 million.

In addition, local property tax revenue in 2025 was \$66.5 million higher than the estimates used in the initial appropriation, and actual specific ownership tax revenue came in \$3.4 million higher than forecast. Thus, the overall local share for total program increased by \$69.9 million.

Table 2A and 2B detail these adjustments. The relative changes to total program and funded pupil counts combine to increase statewide average per pupil funding by \$18 per pupil, to \$11,876 in FY 2025-26.

Table 2A
Changes in Pupil Counts

Component	FY 2025-26 Initial	FY 2025-26 Actual	Midyear Change
Funded Pupil Count	845,943	841,862	-4,081
At-Risk Pupil Count	387,431	384,013	-3,418
English Language Learners	75,065	72,629	-2,436
Special Education Count	114,440	111,141	-3,299
Online Student Count	30,694	29,972	-722
Extended High School Count	2,281	1,834	-447

Table 2B
Changes in Local Tax Revenue
In millions

Component	FY 2025-26 Initial	FY 2025-26 Actual	Midyear Change
Property Tax Revenue	\$4,294,208,152	\$4,360,696,367	\$66,488,214
Specific Ownership Tax	\$269,151,058	\$272,587,324	\$3,436,266
Total Local Share of Total Program	\$4,563,359,211	\$4,633,283,691	\$69,924,480

Totals may not sum due to rounding.

State Expenditures

In the current FY 2025-26, the bill decreases state expenditures in CDE by \$103.5 million from the State Education Fund for the state share of school finance.

The bill makes mid-year adjustments to school finance-related appropriations for FY 2025-26. The cost of total program funding decreased by \$33.5 million due to lower-than-expected student counts. Because local tax revenue came in higher than was projected last spring, money available for the local share is \$69.9 million higher than expected, resulting in a \$103.5 million decrease in the state share of total program.

These midyear adjustments are shown in Table 3. It includes the impact of the hold harmless clarification, which results total program being about \$989,000 higher than it would have been otherwise, of which about \$640,000 is state share and \$346,000 is local share in Aspen.

Table 3
FY 2025-26 Total Program Funding Under HB26-1174

Component	Initial Appropriation	Midyear Adjustment	Adjusted Appropriation
Local Share of Total Program	\$4,563,359,211	\$69,924,480	\$4,633,283,691
State Share of Total Program	\$5,468,246,880	-\$103,472,508	\$5,364,774,372
Total Program Funding	\$10,031,606,090	-\$33,548,028	\$9,998,058,063

Totals may not sum due to rounding.

School District

Under this bill, total program funding for school districts will decrease by \$33.5 million from the funding amount that was initially appropriated for school finance in FY 2025-26. The \$33.5 million decrease in the cost of total program combined with the \$69.9 million increase in the local share results in a \$103.5 million decrease in the state's share of total program. The relative changes to total program and funded pupil counts combine to increase statewide average per pupil funding by \$18 per pupil, to \$11,876 in FY 2025-26.

The change in funding for individual districts will vary. District-level details for initial and adjusted FY 2025-26 funding are provided in Appendix A. There are four districts that receive a higher total program as a result of the hold harmless clarification – Hinsdale (\$1,436 higher), Mesa (\$635,140 higher), Liberty (\$6,427 higher), and Aspen (\$345,587 higher, fully locally funded). This clarification is included in the numbers in Appendix A.

Effective Date

This bill was signed into law by the Governor and took effect on March 26, 2026.

State Appropriations

For the current FY 2025-26, the bill requires and includes a decrease of \$103,472,508 in appropriations from the State Education Fund to the Colorado Department of Education.

State and Local Government Contacts

Education

Legislative Council Staff