

## **HB25-1320: The 2025 School Finance Act**

### *How we can increase school funding in a \$1.2 billion budget shortfall*

- Colorado legislators, leaders, and educators worked together across the aisle in 2024 to make **two landmark improvements** to how Colorado funds education and supports Colorado kids.
- First, the state **eliminated the Budget Stabilization Factor**, a recession-era budgeting mechanism that resulted in the state directing \$10 billion away from public education.
- Second, the state **updated the school funding formula for the first time in 30 years**. When fully implemented, the new funding formula promises to deliver an additional \$500 million to public schools annually. School districts serving students living in poverty, students learning English, and students with special learning needs should see the largest increases.
- Just a few months later, in the August 2024 special session, the state reset the property tax rate, causing revenue projections to fall and forcing the state to cut \$1.2 billion dollars from the state budget in the 2025 session.
- **Since then, the governor, legislators, and educators have been working to find a way to fund K-12 education increases within a statewide budget shortfall.** In his 2025 budget draft, the Governor suggested that the state eliminate enrollment averaging (an accounting practice that helps districts contend with declining enrollment) and use the savings (\$190 million) to pay for the funding increases needed in K-12.
- Hearing school district concerns that eliminating enrollment averaging would result in sudden and variable changes to districts' budgets and ability to staff schools appropriately, Speaker McCluskie negotiated a compromise.
- The compromise proposal in HB25-1320, described below, would begin implementing the new formula, deliver increased funding to Colorado school districts in July 2025, and ensure predictability and sustainability in the state's work to increase funding for public schools.
- **Under this proposal, the total K-12 appropriation for FY 2025-26 would be \$10,035,615,918, or a \$250+ million increase over FY 2024-25.**
  - **21 school districts will be held harmless (no cuts), and the remaining 157 will see an average funding increase of 2.9%.**
  - **Per-pupil revenue will increase by an average of \$380.**

*The new school funding formula is our best and only chance at sustainably and predictably increasing investment in Colorado's public education system.*

*Vote "Yes" on the 2025 School Finance Act and increase funding for ALL public school students.*

Compromise Proposal	What it means for school funding
<p>Extends the implementation period for the new school funding formula by one year, from 6 to 7 years.</p>	<p>The state moves forward with implementing the new formula. Funding for school districts and the state’s overall investment increases, but strain on the General Fund and State Education Fund is reduced.</p>
<p>Implements 15% of the new funding formula in 2025-26,</p> <ul style="list-style-type: none"> <li>o 30% in 2026-27</li> <li>o 45% in 2027-28</li> </ul>	<p>Colorado delivers larger checks to school districts in July 2025 than in July 2024, but those increases are 3% less than what the new formula originally proposed, reducing strain on the General Fund and State Education Fund.</p>
<p>Maintains 4-year enrollment averaging in 2025-26,</p> <ul style="list-style-type: none"> <li>● Steps down to 3-year averaging in 2026-27 ONLY IF the formula is implemented at 30% otherwise 4-year averaging will be maintained</li> <li>● 3-year averaging in 27-28 and each year after, or the smoothing factor if the State Education Fund balance is below \$200 million.</li> </ul>	<p>The state slowly phases out multi-year enrollment averaging, right-sizing funding, and giving the legislature and school districts time to determine further measures to address declining enrollment.</p> <p>Changes in enrollment averaging would only occur if the state continues to invest new money into the school finance formula and if the health of the State Education Fund drops below a sustainable level.</p>
<p>Holds schools harmless to 2024-25 funding.</p>	<p>The state promises that no district’s funding will fall below the amount it received in the 2024-25 school year.</p>
<p>Requires the Joint Budget Committee to review fiscal impacts annually and develop a sustainability plan for fully funding the new formula.</p>	<p>The Joint Budget Committee and legislature will have additional tools to ensure stable, predictable funding increases for our schools year after year.</p>

House Education Committee amendments	What it means for school funding
L.002 - Grandfathers-in school district locale factor classifications	Five school districts whose locale classifications were changed are now grandfathered under their previous classifications, stabilizing their funding for FY2025-26.
L.003 - Phases out at-risk supplemental aid	The JBC acted to end the At-Risk Supplemental Aid (\$7M), which provides additional at-risk funding to charter schools in Colorado. This amendment phases the funding out, stabilizing funding levels in charter schools that depend on these dollars.
L.004 - Caps the Building Excellent Schools Today (BEST) program at \$150 million	BEST provides an annual amount of funding in the form of competitive grants to schools to use for the construction of new schools as well as general construction and renovation of existing school facilities. By capping BEST this year, the state can invest \$45.6 million into the new school funding formula.
L.005 - Cleans up transportation statute	The Department of Education requested this amendment to clean up school bus transportation safety requirements: not allowing 15-seat vans to operate as a school bus, recognizing multifunction buses as authorized modes of transportation, and ensuring traffic code applies to school buses.
L.006 - Meets demand for the Moral Obligation Program	Charter schools can't access financing on the private market in the same way traditional schools can, which ultimately reduces their operating budgets and creates disparities between students. The Moral Obligation Program gives charter schools access to the same financing rates as traditional schools without costing the state any money. This amendment expands the program from \$750 million to \$1 billion to meet growing demand.
L.007 - Corrects student count errors	Directs CDE to calculate student averages using a more precise method of categorizing online vs. in-person students.
L.010 - Sets up guardrails for the smoothing factor	Requires the General Assembly to consult with stakeholders when designing a smoothing factor for enrollment counts.

House Appropriations Committee amendments	What it means for school funding
J.002 - Aligns HB25-1320 with the Long Bill	The total appropriation for K-12 funding in FY205-26 is reduced by \$16 million, but most school districts still see funding increases and no school district takes a cut. The total appropriation is part of the balanced budget in the Long Bill.
L.011 - Clarifies student count procedures	Students attending multi-district online schools will not be included in district student counts. This helps the state be more precise in funding decisions.
L.012 - Gives JBC another checkpoint on the sustainability of K-12 funding	The Office of State Planning and Budgeting must now report to the JBC the revenue credited to the public school fund for the prior fiscal year. This will help the JBC to monitor the sustainability of K-12 funding more closely.
L.014 - Codifies improvements in the way the state identifies at-risk students	Since 2023, the Colorado Department of Education has used Medicaid data to help identify at-risk students, which allows districts to get accurate counts without requiring families to submit free lunch paperwork. This amendment makes this practice permanent.
L.015 - Gives the Department of Education rulemaking authority to start and stop the collection of census block group data as part of the at-risk student count procedure	Since 2022, the Department of Education has been developing a way to use census block group data to identify students who don't qualify for free lunches but may still face socioeconomic challenges. This amendment allows CDE to start and stop collecting and using this data, reducing school district burden and giving CDE the flexibility to continuously improve the state's at-risk count procedure.

County	District	FY 2024-25 Actual Total Program	FY 2025-26 Total Program Under HB25-1320	Change from FY 2024-25
EL PASO	ACADEMY	\$275,723,298	\$282,662,839	\$6,939,541
ADAMS	ADAMS 12 FIVE STAR	\$443,314,991	\$449,984,883	\$6,669,892
ELBERT	AGATE	\$1,848,105	\$2,070,363	\$222,258
LAS ANIMAS	AGUILAR	\$2,542,775	\$2,611,048	\$68,272
WASHINGTON	AKRON	\$5,643,146	\$5,894,101	\$250,955
ALAMOSA	ALAMOSA	\$24,300,143	\$24,863,991	\$563,848
ARCHULETA	ARCHULETA	\$18,990,331	\$19,638,318	\$647,987
WASHINGTON	ARICKAREE	\$1,991,377	\$1,991,377	\$0
KIT CARSON	ARRIBA- FLAGLER	\$3,109,911	\$3,222,185	\$112,274
PITKIN	ASPEN	\$23,259,673	\$23,689,245	\$429,571
WELD	AULT- HIGHLAND	\$11,876,720	\$12,333,404	\$456,684
ARAPAHOE	AURORA	\$482,038,189	\$502,260,391	\$20,222,202
LA PLATA	BAYFIELD	\$15,284,949	\$15,658,317	\$373,368

ADAMS	BENNETT	\$20,172,478	\$22,751,701	\$2,579,223
KIT CARSON	BETHUNE	\$2,274,751	\$2,284,109	\$9,357
ELBERT	BIG SANDY	\$5,039,228	\$5,195,250	\$156,022
BOULDER	BOULDER	\$308,280,109	\$313,639,400	\$5,359,291
LAS ANIMAS	BRANSON	\$5,343,288	\$5,599,387	\$256,099
WELD	BRIGGS DALE	\$3,378,416	\$3,409,546	\$31,131
ADAMS	BRIGHTON	\$268,471,199	\$281,847,555	\$13,376,356
MORGAN	BRUSH	\$15,641,940	\$16,330,173	\$688,233
CHAFFEE	BUENA VISTA	\$11,163,775	\$11,439,266	\$275,491
LOGAN	BUFFALO	\$4,813,008	\$4,922,882	\$109,874
KIT CARSON	BURLINGTON	\$8,472,234	\$8,892,754	\$420,520
ARAPAHOE	BYERS	\$72,495,287	\$80,662,548	\$8,167,260
EL PASO	CALHAN	\$5,985,013	\$6,099,681	\$114,669
BACA	CAMPO	\$1,234,891	\$1,302,094	\$67,203
FREMONT	CANON CITY	\$35,189,237	\$35,745,559	\$556,322
COSTILLA	CENTENNIAL	\$3,453,526	\$3,506,148	\$52,622
SAGUACHE	CENTER	\$7,821,202	\$8,201,588	\$380,385

OTERO	CHERAW	\$3,824,676	\$3,874,078	\$49,402
ARAPAHOE	CHERRY CREEK	\$585,173,577	\$594,491,793	\$9,318,216
CHEYENNE	CHEYENNE	\$3,367,996	\$3,457,183	\$89,188
EL PASO	CHEYENNE MOUNTAIN	\$38,996,165	\$40,398,245	\$1,402,081
CLEAR CREEK	CLEAR CREEK	\$7,965,433	\$8,181,306	\$215,872
EL PASO	COLORADO SPRINGS	\$280,369,696	\$285,063,912	\$4,694,216
ADAMS	COMMERCE CITY	\$71,206,915	\$72,740,702	\$1,533,787
FREMONT	COTOPAXI	\$3,397,952	\$3,397,952	\$0
MINERAL	CREEDE	\$2,221,460	\$2,245,170	\$23,710
TELLER	CRIPPLE CREEK	\$4,765,169	\$4,884,804	\$119,635
CROWLEY	CROWLEY	\$5,291,523	\$5,334,148	\$42,625
MESA	DEBEQUE	\$3,447,891	\$3,606,760	\$158,869
ARAPAHOE	DEER TRAIL	\$5,187,380	\$5,346,391	\$159,011
RIO GRANDE	DEL NORTE	\$5,411,603	\$5,594,227	\$182,624
DELTA	DELTA	\$51,205,865	\$51,205,865	\$0
DENVER	DENVER	\$1,002,592,495	\$1,029,428,091	\$26,835,596

DOLORES	DOLORES	\$4,322,713	\$4,557,735	\$235,022
MONTEZUMA	DOLORES	\$8,087,813	\$8,361,118	\$273,304
DOUGLAS	DOUGLAS	\$687,519,750	\$695,903,561	\$8,383,810
LA PLATA	DURANGO	\$56,780,013	\$57,731,063	\$951,050
KIOWA	EADS	\$3,534,839	\$3,645,251	\$110,412
EAGLE	EAGLE	\$78,695,009	\$80,424,070	\$1,729,061
GRAND	EAST GRAND	\$14,501,209	\$15,406,305	\$905,096
OTERO	EAST OTERO	\$16,138,368	\$16,311,885	\$173,517
WELD	EATON	\$22,248,675	\$23,028,042	\$779,367
EL PASO	EDISON	\$2,216,244	\$2,216,244	\$0
ELBERT	ELBERT	\$4,395,372	\$4,534,027	\$138,655
ELBERT	ELIZABETH	\$26,702,572	\$28,193,006	\$1,490,434
EL PASO	ELLCOTT	\$11,755,612	\$12,272,966	\$517,354
ARAPAHOE	ENGLEWOOD	\$26,143,620	\$26,515,867	\$372,247
LARIMER	ESTES PARK	\$12,228,888	\$12,273,532	\$44,644
EL PASO	FALCON	\$360,777,454	\$393,118,668	\$32,341,214
FREMONT	FLORENCE	\$14,609,283	\$15,163,791	\$554,508

EL PASO	FOUNTAIN	\$83,087,915	\$84,719,635	\$1,631,719
OTERO	FOWLER	\$5,202,465	\$5,395,851	\$193,386
LOGAN	FRENCHMAN	\$3,640,090	\$3,787,869	\$147,779
WELD	FT. LUPTON	\$26,761,210	\$28,138,920	\$1,377,711
MORGAN	FT. MORGAN	\$37,733,660	\$39,338,944	\$1,605,283
LINCOLN	GENOA-HUGO	\$3,782,477	\$3,853,883	\$71,406
WELD	GILCREST	\$20,277,825	\$21,080,080	\$802,255
GILPIN	GILPIN	\$5,766,371	\$5,848,383	\$82,011
PROWERS	GRANADA	\$3,641,777	\$3,753,665	\$111,888
WELD	GREELEY	\$254,903,396	\$266,411,402	\$11,508,006
GUNNISON	GUNNISON	\$23,229,236	\$24,653,579	\$1,424,343
EL PASO	HANOVER	\$4,550,590	\$4,731,198	\$180,608
EL PASO	HARRISON	\$141,643,829	\$143,724,288	\$2,080,459
PHILLIPS	HAXTUN	\$4,320,933	\$4,421,929	\$100,997
ROUTT	HAYDEN	\$6,005,312	\$6,337,243	\$331,931
KIT CARSON	HI PLAINS	\$2,467,533	\$2,467,533	\$0
HINSDALE	HINSDALE	\$1,781,745	\$1,781,745	\$0

LAS ANIMAS	HOEHNE	\$4,573,178	\$4,573,178	\$0
PROWERS	HOLLY	\$4,108,594	\$4,272,588	\$163,995
PHILLIPS	HOLYOKE	\$7,145,801	\$7,192,096	\$46,295
HUERFANO	HUERFANO	\$6,429,493	\$6,429,493	\$0
YUMA	IDALIA RJ-3	\$3,290,842	\$3,290,842	\$0
LA PLATA	IGNACIO	\$9,460,360	\$9,538,401	\$78,041
JEFFERSON	JEFFERSON	\$825,657,217	\$833,653,126	\$7,995,909
WELD	JOHNSTOWN	\$42,893,649	\$45,024,271	\$2,130,623
SEDGWICK	JULESBURG	\$7,647,683	\$8,008,245	\$360,562
LINCOLN	KARVAL	\$1,235,987	\$1,293,993	\$58,006
WELD	KEENESBURG	\$28,782,924	\$30,258,314	\$1,475,390
LAS ANIMAS	KIM	\$1,150,500	\$1,227,614	\$77,115
ELBERT	KIOWA	\$4,579,746	\$4,714,654	\$134,908
CHEYENNE	KIT CARSON	\$2,193,245	\$2,265,417	\$72,173
HUERFANO	LA VETA	\$3,900,181	\$4,139,198	\$239,018
LAKE	LAKE	\$11,527,091	\$11,725,517	\$198,425
PROWERS	LAMAR	\$16,450,115	\$16,576,976	\$126,861

BENT	LAS ANIMAS	\$11,015,687	\$11,351,942	\$336,256
EL PASO	LEWIS- PALMER	\$67,786,838	\$69,973,974	\$2,187,136
YUMA	LIBERTY J-4	\$1,676,825	\$1,701,192	\$24,367
LINCOLN	LIMON	\$6,011,030	\$6,307,064	\$296,035
ARAPAHOE	LITTLETON	\$144,033,828	\$144,610,359	\$576,532
WASHINGTON	LONE STAR	\$2,767,544	\$2,767,544	\$0
MONTEZUMA	MANCOS	\$6,287,655	\$6,478,269	\$190,614
EL PASO	MANITOU SPRINGS	\$14,452,481	\$14,452,481	\$0
OTERO	MANZANOLA	\$3,635,908	\$3,749,929	\$114,020
ADAMS	MAPLETON	\$77,934,325	\$80,664,358	\$2,730,033
BENT	MCCLAVE	\$3,811,869	\$3,953,099	\$141,231
RIO BLANCO	MEEKER	\$8,211,235	\$8,598,773	\$387,538
MESA	MESA VALLEY	\$219,783,450	\$230,057,582	\$10,274,132
EL PASO	MIAMI-YODER	\$5,420,079	\$5,617,968	\$197,889
MOFFAT	MOFFAT	\$20,691,068	\$21,129,919	\$438,851
SAGUACHE	MOFFAT	\$4,205,760	\$4,358,137	\$152,377

RIO GRANDE	MONTE VISTA	\$11,816,617	\$12,177,587	\$360,970
MONTEZUMA	MONTEZUMA	\$27,665,174	\$28,542,302	\$877,128
MONTROSE	MONTROSE	\$65,845,607	\$67,847,459	\$2,001,853
SAGUACHE	MOUNTAIN VALLEY	\$3,297,794	\$3,403,118	\$105,325
CONEJOS	NORTH CONEJOS	\$11,661,459	\$12,000,673	\$339,214
JACKSON	NORTH PARK	\$3,103,264	\$3,163,209	\$59,945
SAN MIGUEL	NORWOOD	\$3,659,286	\$3,805,305	\$146,019
WASHINGTON	OTIS	\$3,689,780	\$3,722,187	\$32,407
OURAY	OURAY	\$3,706,909	\$3,815,527	\$108,618
GARFIELD	PARACHUTE	\$14,479,934	\$15,039,025	\$559,090
PARK	PARK	\$7,031,177	\$7,467,213	\$436,036
WELD	PAWNEE	\$1,484,796	\$1,506,105	\$21,309
EL PASO	PEYTON	\$7,609,460	\$7,796,046	\$186,586
KIOWA	PLAINVIEW	\$2,835,204	\$2,835,204	\$0
LOGAN	PLATEAU	\$3,466,524	\$3,700,914	\$234,391
MESA	PLATEAU VALLEY	\$4,625,129	\$4,664,669	\$39,540
PARK	PLATTE CANYON	\$9,229,261	\$9,294,955	\$65,694

SEDGWICK	PLATTE VALLEY	\$2,780,155	\$2,843,721	\$63,566
WELD	PLATTE VALLEY	\$13,151,937	\$13,846,354	\$694,417
LARIMER	POUDRE	\$356,274,943	\$356,274,943	\$0
WELD	PRAIRIE	\$3,425,421	\$3,425,421	\$0
LAS ANIMAS	PRIMERO	\$3,953,169	\$3,953,169	\$0
BACA	PRITCHETT	\$1,414,949	\$1,434,339	\$19,390
PUEBLO	PUEBLO CITY	\$163,687,034	\$163,687,034	\$0
PUEBLO	PUEBLO RURAL	\$110,418,565	\$113,653,398	\$3,234,833
RIO BLANCO	RANGELY	\$5,812,244	\$6,056,194	\$243,951
OURAY	RIDGWAY	\$5,064,987	\$5,145,944	\$80,957
GARFIELD	RIFLE	\$50,720,993	\$53,099,251	\$2,378,258
GARFIELD	ROARING FORK	\$71,765,642	\$74,186,901	\$2,421,259
OTERO	ROCKY FORD	\$8,410,095	\$8,410,095	\$0
CHAFFEE	SALIDA	\$16,140,567	\$17,026,769	\$886,202
CONEJOS	SANFORD	\$5,298,820	\$5,586,807	\$287,987
ALAMOSA	SANGRE DE CRISTO	\$4,257,003	\$4,375,286	\$118,283
RIO GRANDE	SARGENT	\$4,712,022	\$4,799,142	\$87,119

ARAPAHOE	SHERIDAN	\$13,714,030	\$13,714,030	\$0
COSTILLA	SIERRA GRANDE	\$4,583,461	\$4,824,354	\$240,893
SAN JUAN	SILVERTON	\$1,893,445	\$1,902,380	\$8,935
CONEJOS	SOUTH CONEJOS	\$3,562,680	\$3,762,127	\$199,447
ROUTT	SOUTH ROUTT	\$5,028,830	\$5,220,441	\$191,611
BACA	SPRINGFIELD	\$4,216,256	\$4,403,279	\$187,023
BOULDER	ST VRAIN	\$345,304,198	\$353,741,591	\$8,437,393
ROUTT	STEAMBOAT SPRINGS	\$30,596,906	\$31,163,752	\$566,846
ADAMS	STRASBURG	\$13,187,783	\$13,756,965	\$569,183
KIT CARSON	STRATTON	\$3,659,179	\$3,738,676	\$79,498
SUMMIT	SUMMIT	\$41,747,412	\$42,820,304	\$1,072,891
OTERO	SWINK	\$4,717,593	\$4,786,522	\$68,929
SAN MIGUEL	TELLURIDE	\$13,370,072	\$13,370,072	\$0
LARIMER	THOMPSON	\$156,440,941	\$159,225,183	\$2,784,242
LAS ANIMAS	TRINIDAD	\$10,290,517	\$10,427,352	\$136,835
LOGAN	VALLEY	\$21,037,092	\$21,237,397	\$200,305
BACA	VILAS	\$2,801,532	\$2,801,532	\$0

BACA	WALSH	\$3,247,357	\$3,366,044	\$118,687
MORGAN	WELDON	\$3,835,375	\$3,903,267	\$67,892
MONTROSE	WEST END	\$4,314,288	\$4,485,116	\$170,829
GRAND	WEST GRAND	\$5,922,814	\$6,167,805	\$244,991
CUSTER	WESTCLIFFE	\$4,805,110	\$4,873,041	\$67,932
ADAMS	WESTMINSTER	\$98,683,103	\$99,860,123	\$1,177,020
EL PASO	WIDEFIELD	\$98,638,408	\$101,746,843	\$3,108,435
MORGAN	WIGGINS	\$10,430,452	\$11,482,285	\$1,051,833
PROWERS	WILEY	\$4,059,192	\$4,185,391	\$126,199
WELD	WINDSOR	\$91,253,351	\$94,310,893	\$3,057,542
TELLER	WOODLAND PARK	\$21,970,506	\$21,970,506	\$0
WASHINGTON	WOODLIN	\$1,710,188	\$1,735,535	\$25,347
YUMA	WRAY RD-2	\$8,940,971	\$9,323,940	\$382,969
YUMA	YUMA 1	\$10,706,968	\$10,797,282	\$90,314
<b>STATE</b>	<b>TOTAL</b>	<b>\$9,778,950,899</b>	<b>\$10,035,710,816</b>	<b>\$256,759,917</b>

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