

# Discussion of Proposed School Finance Rule Changes

State Board of Education Meeting  
June 2025



# Stakeholder Engagement

- FPP Meeting - February 13th\*
- FPP Sub-Committee – March 25th and April 4th#
- FPP Meeting – April 17th\*
- Finance Listserv Email – May 1st
- Rural Alliance – May 7th
- Superintendent Update Meeting and Follow-up Email – May 13th
- 7Cs Meeting - May 28th
- CDE Update Email - June 3rd
- Finance Listserv Email - June 4th
- Metro CFO Meeting - June 5th
- CASE Leadership Meeting - June 9th
- Colorado School Finance Project Meeting - June 13th
- CDE Scoop Email - June 16th
- FPP Meeting – June 26th

*\*At-Risk and SB125  
provisions discussed*

*#At-Risk provisions  
discussed*

Financial Policies and  
Procedures Advisory  
Committee (FPP)  
meetings have upto  
135 attendees

Finance Listserv  
contains  
approximately 1225  
individuals

# Question on Impact on Homeschool Students

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During the May State Board meeting, a question was raised about the impact that the prior rulemaking had on homeschool students. The following table shows enrollment trends for homeschool students enrolled part-time in public schools:

2019-20	2020-21	2021-22	2022-23	2023-24	2024-24
8,812	9,725	10,325	12,289	15,808	15,961

# Question on Funding Variance Examples

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During the May State Board meeting, a question was raised about the funding variances between districts under the new school finance formula. The following table shows the funding trends for the referenced districts:

# Question on Funding Variance Examples

District	FY 25-26 Old Formula	FY 25-26 15% New Formula	FY 25-26 Hold Harmless Amount	FY 25-26 New Formula (Fully Implemented)
Rocky Ford	8,220,717.54	8,322,573.91	8,410,095.34	8,899,760.01
Sheridan	12,984,654.18	13,105,780.46	13,714,030.26	13,792,162.74
Pueblo 60	162,615,505.53	163,512,230.93	163,687,034.40	168,593,674.86
Pueblo 70	112,188,189.77	113,653,398.23	110,418,564.88	121,956,246.17



## Legislative Rule Changes

# Rule Changes Per SB 25-125

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- [Current rules](#) defined an **11-day window** for counting students, including 5 days before and after the official count date (Rule 3.04). This allowed for limited transfer exceptions for students who enroll within 5 days after the Count Day.
- Legislative Legal Services [determined](#) these provisions conflicted with statute.
- Under [SB 25-125](#), the rule related to student transfers **expired on May 15, 2025**.
- These rule changes DO NOT impact the student count process, **except** for the transfer enrollment students.

# Transfer Enrollment Exceptions

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- In FY 16-17, CDE began allowing transfer enrollment exceptions based upon a more detailed review of the rules.
- The transfer enrollment exceptions that will be impacted by this rule change are:
  - Within-State Transfers - when a student transfers into a district (i.e., the “receiving district”) from another Colorado public school district (i.e., the “sending district”) after the applicable count date
  - Out-of-State Transfers - when the student moves to Colorado (i.e., from another state or country) within 30 days prior to the applicable count date
- In FY 24-25, there were 472 transfer enrollment students, which equates to approximate \$5.5M in FY 24-25.



# Student Count Process Not Impacted

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- Statutes define pupil enrollment as those enrolled on the pupil enrollment count day within the applicable budget year, as evidenced by the actual attendance of such pupils prior to said date.
- We have a single **enrollment** date (October Count Day) and a window for attendance in the event that a student enrolled prior to the count day is absent on the count day.
- The rule change does not change the window for attendance. If an enrolled student is absent on count day, they are still eligible for funding if they resume attendance within 30 calendar days.



## Proposed Rule Changes

# Proposed rules address 7 issues for SBE consideration

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1. Refinement of at-risk counts
2. Census block data collection
3. Questions related to private school pupils
4. Supplemental online clarification
5. Technical adjustments related SB 25-125 changes
6. Meal time standards
7. Work-based learning definition

# Issue #1- Addressing Corrections of At-Risk Counts

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- In October 2024, over **20,000 students** were misreported as “Paid” when they qualified for Free or Reduced-Price Lunch, which required significant corrections by districts.
- This was largely due to **confusion around CEP eligibility**, which can carry forward for four years, unlike other statuses (like FRL forms) which are one year.
- The rapid expansion of CEP schools has increased the risk of reporting errors:
  - **SY 21–22:** 101 sites → **SY 24–25:** 1,359 sites

**A rule change is proposed to align all eligibility statuses to reflect one year carry forward. This should not impact the number of eligible at-risk students, but will reduce future reporting discrepancies.**

# Issue #1- Addressing Corrections of At-Risk Counts

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The proposal is to **delete** the following rule:

6.02(4) For a district with a school or schools operating under a federal Special Assistance Certification and Reimbursement Alternative, documentation must include evidence of the pupil's inclusion on the district's base year count and further evidence that such pupil remains included in a Special Assistance Certification and Reimbursement Alternative site within the district's pupil enrollment. This method shall not be available if a district alters the boundaries of the participating schools.

## Issue #2 - Census Block Data Collection

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- [HB 25-1320](#) allows the State Board to **pause collection of student-level census block data** if it closely mirrors Free and Reduced-Price Lunch data used to identify at-risk students.
- The Board may also **restart data collection** if needed in the future.

**Proposed language changes for the rules are being developed.**

# Issue #3 - Questions Related to Private School Pupils

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While [current rules](#) prohibit funding students receiving instruction in **tuition-based private schools**, questions have emerged about **contracted services and homeschool enrichment models**.

- **Not Eligible:** If parents pay private school tuition and the district provides services via contract, students **cannot** be counted for funding.
- **Potentially Eligible:** If parents **enroll directly with the district** for classes (even if held at a private site), students **may** be eligible for part-time funding—if **instruction is separate** from the private school's tuition-based curriculum.

**Clearer guidance is needed to distinguish allowable funding models from ineligible private arrangements.**

# Issue #3 - Proposed Change to Private School Pupils

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The proposal is to change the following rule:

1.14 “Private school pupil” means a pupil enrolled in an independent or parochial school which provides a basic academic education pursuant to Section 22-33-104(2)(b), C.R.S. and who **has is** also **been** enrolled **by a parent or guardian** and receiving instruction part-time from a Colorado public school.



# Issue #4 - Supplemental Online Clarification

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- [Current rules](#) require students enrolled in brick-and-mortar schools taking only **off-site online K–12 courses** to be enrolled in an official online program.
- CDE [guidance](#) for FY 2024–25 clarified that this **does not apply** to **homebound, expelled, or incarcerated students**.
- These students can take **supplemental online courses** without needing to be enrolled full-time in an online program.

**A rule update would formally reflect this exception in policy.**

# Issue #4 - Supplemental Online Clarification

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The proposal is to change the following rule:

5.09 Pupils exclusively enrolled in online K-12 courses that take place off-site, but are not enrolled in an online school, must be enrolled in an online program. A student is not exclusively enrolled in online K-12 courses if they have at least one course scheduled to take place on-site, in-person, at a regularly scheduled time during regular school hours and where attendance is mandatory.

5.09(1) Exception: Home-bound pupils, including expelled and incarcerated pupils, as defined in section 1.09, do not need to be enrolled in an online program.

## Issue #5 - Technical adjustments related SB 25-125 changes

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As discussed above, SB 25-215 made rule changes. The proposal is to make corresponding adjustments:

3.05 In no instance shall a district solicit pupils from other districts for the sole purpose of attendance ~~for the applicable pupil enrollment count date during the applicable count period.~~

3.06 In no instance shall a district solicit pupils from the home school population solely for purposes of attendance ~~for the applicable pupil enrollment count date during the applicable count period.~~

## Issue #6 - Meal Time

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- [Current rules](#) exclude lunch from instructional time.
- CDE has received **questions** about required lunch durations for students. Additionally, instances have been identified during audits where students are scheduled for 6 continual hours of instruction with no break to reach the minimum 90 hours needed for part-time funding. In these instances, either:
  - Students are getting no lunch - which is not healthy, **or**
  - Students are getting a lunch, losing out on instructional time, and are not actually meeting the minimum 90 hour requirement for part-time funding
- Currently, there is no law or rule mandating a minimum lunch period in Colorado. While School Finance rules exclude lunch from instructional time, they leave meal break decisions to districts.

**The State Board may consider setting minimum lunch break expectations in rule to support student well-being and consistent funding criteria.**

## Issue #6 - Meal Time Guidance Provided by CDE

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- There is considerable research supporting the benefits to student learning when students have access to healthy meals. Therefore, districts should ensure appropriate meal breaks are implemented for students in all educational settings offered by the district.
- The [American Academy of Pediatrics](#) and the [Center for Disease Control and Prevention](#) recommend students have at least 20 minutes of seated lunch time.
- Employment requirements may also be a model for districts (e.g. 30-minute meal break for 5 hours and 10-minute rest break for every 4 hours).
- [Form AUD108](#) requires contracted services to be “of comparable quality and meet the same requirements and standards” at school/district (e.g. contractors should match typical lunch period at district school).

## Issue #6 - Potential Rules Changes related to Meal Time

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The State Board may wish to include requirements in rule:

2.05(1)(c)(II) Time provided for breakfast or lunch may not be included as instructional time for purposes of determining funding eligibility.

2.05(1)(c)(II)(i) A lunch break of at least 20 minutes must be provided to students scheduled for more than five hours of daily instruction.

## Issue #7 - Work Based Learning Definition

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- [Current rules](#) provide examples of work-based learning that can be included in instructional time for school finance funding.
- This year's legislation on Postsecondary & Workforce Readiness Programs ([SB25-315](#)) includes a definition of work based learning.
- It may be appropriate to align the definition of work-based learning.

# Issue #7 - Work Based Learning Definition

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The proposal is to change the following rule:

1.01 “Alternative teacher-pupil instruction” means the organized delivery of educational content (aligned to state standards where applicable) for pupils enrolled in a brick-and-mortar public school under the supervision of a licensed educator that may take place asynchronously. The following types of courses with alternative teacher-pupil instruction can be funded with appropriate documentation: independent study, work-based learning (**demonstrating learning through work or at work, consistent with the work-based learning quality expectations established pursuant to section 8-83-602 (5), such as work-study, internships, apprenticeships, supervised entrepreneurship experiences**), blended learning, and supplemental online learning.

1.01(1) Work-based learning courses are credit-bearing courses that must be incorporated within the student’s Individual Career and Academic Plan (ICAP) in order to qualify for funding. They are learning opportunities that occur in part or in whole in the workplace and provide the learner with hands-on, real-world experience **and training for skills development.**





## Discussion and Questions