



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

SB 26-069: COLORADO DOMESTIC EXCHANGE PROGRAM

Prime Sponsors:

Sen. Daugherty; Michaelson Jenet
Rep. Lukens

Fiscal Analyst:

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill creates a domestic exchange program for high school students in the Colorado Department of Education.

Types of impacts. The bill is projected to conditionally affect the following areas on an ongoing basis:

- State Expenditures
- State Revenue
- School Districts

Appropriations. No appropriation is required. The Colorado Domestic Exchange Program Cash Fund is continuously appropriated to the Colorado Department of Education.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$45,000	at least \$24,137
State Expenditures	\$41,137	at least \$24,137
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.2 FTE	0.2 FTE

Table 1A
State Revenue

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds (Gifts, grants, and donations)	\$45,000	at least \$24,137
Total Revenue	\$45,000	\$186,637

Table 1B
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$36,430	at least \$19,430
Federal Funds	\$0	\$0
Centrally Appropriated	\$4,707	\$4,707
Total Expenditures	\$41,137	at least \$24,137
Total FTE	0.2 FTE	0.2 FTE

Summary of Legislation

The bill creates the Colorado Domestic Exchange Program in the Colorado Department of Education (CDE). The program exchanges high school students between Colorado and other states for a two-week residence in the summer following graduation to experience and compare the political, socioeconomic and cultural features. The State Board of Education (SBE) must provide oversight and guidance for the program, monitor funds, and receive and review progress reports.

The CDE must contract with a public or private entity with experience operating national domestic youth exchanges. This coordinating entity must design and manage the program, recruit and support participating students, and report data to be included in the department's annual SMART Act hearing presentation.

The bill creates the continuously appropriated Colorado Domestic Exchange Program Cash Fund in the State Treasury. The department may accept gifts, grants, and donations, and distribute money in the cash fund to the coordinating entity beginning July 1, 2027.

The CDE is not required to implement the program in any year that funding is insufficient. If sufficient funds are not available from state sources, the department may only implement the program if the coordinating entity demonstrates that all operational and programmatic costs will be covered through private donations or sponsorship. For FY 2026-27, the CDE may

implement the bill only if the department receives \$45,000 in private donations to the cash fund. Distributions from the fund for student exchanges may begin FY 2027-28.

State Revenue

The CDE may accept and spend gifts, grants, and private donations to the cash fund for implementing the exchange program. At this time, no amount of private funding has been identified. Gifts, grants, and donations are not subject to TABOR. The CDE must receive \$45,000 in private donations in FY 2026-27 to implement the program. It is estimated that at least \$24,137 in gifts, grants, and donations is required to cover the administrative costs of overseeing the program in FY 2027-28 and future years. Additional gifts, grants, and donations may also be received to support student exchange expenses, to the extent these costs are paid through the cash fund rather than directly by the coordinating entity through its own revenue streams.

State Expenditures

Conditional upon receipt of sufficient funding, the bill increases costs in the CDE by about \$41,000 and 0.2 FTE in FY 2026-27. For FY 2027-28, the bill conditionally increases state expenditures by at least \$24,137 and 0.2 FTE to oversee the contracted exchange program. Total expenditures will depend on the amount of gifts, grants and donations received, any money the General Assembly chooses to appropriate to the cash fund, and whether the coordinating entity supports exchange placements with its own funds or with money donated or appropriated to the state cash fund. New costs are shown in Table 2 and discussed below.

Table 2
State Expenditures
Colorado Department of Education

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$19,430	\$19,430
Operating Expenses	\$0	\$0
Capital Outlay Costs	\$0	\$0
Procurement	\$17,000	\$0
Student Exchange Expenses	\$0	Indeterminate
Centrally Appropriated Costs	\$4,707	\$4,707
Total Costs	\$41,137	\$24,137
Total FTE	0.2 FTE	0.2 FTE

Student exchange costs will vary depending on the number and type of placements, and whether these costs are paid by the coordinating entity itself or with money donated or appropriated to the Colorado Domestic Exchange Program Cash Fund.

Staff

In FY 2026-27, the department will have staff costs for 0.2 FTE Senior Consultant to draft a request for applications process, and to evaluate and select a coordinating entity. Staff will also assist the SBE with drafting guidelines and procedures. This effort continues in FY 2027-28 and any future year that the program is operational to administer the contract, manage distributions from the cash fund, and liaison with the SBE.

Procurement

Costs increase for the CDE to conduct the procurement process to select a coordinating entity, estimated at \$17,000 in FY 2026-27 only.

Student Exchange Expenses

Beginning FY 2027-28, the program will distribute any available funds to the coordinating entity for student exchanges. This amount has not been estimated, and will depend on the amount of gifts, grants, and donations received, whether the General Assembly chooses to appropriate money to support the program, and whether the coordinating entity uses its own revenue streams to support exchange placements of Colorado students.

For informational purposes, if \$5,000 is required to cover the two-week costs of participating students, including meals, travel, group activities, host family stipends and access to cultural events, and 100 students participate in the exchange, costs would total approximately \$500,000 beginning in FY 2027-28.

Other Agency Expenses

Workload will increase for the Departments of Personnel and Administration (DPA) and Treasury to manage and perform accounting for the newly created cash fund created. While no appropriation is required at this time, these departments may seek additional funding through the annual budget process based on the cumulative impact of all cash funds created through legislation.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2 above.

School District

School districts will have a minimal workload increase to assist with marketing the program and recruitment of exchange participants and host families.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Education

Personnel

Treasury