

MEMORANDUM



JOINT BUDGET COMMITTEE

To Members of the Joint Budget Committee
From Amanda Bickel, JBC Staff (303) 866-4960
Date November 13, 2024
Subject Status Update on Previous One-time Funding Initiatives

One-time Revenue Resulting from the COVID-19 Pandemic

Immediately following the onset of the COVID 19 pandemic in 2020, Colorado had access to unprecedented amounts of one-time federal fund support, as well as one-time General Fund money, most of which was allocated during the 2021, 2022, and 2023 legislative sessions. Residual amounts used during the 2024 legislative session helped balance the state's budget for FY 2024-25. The three largest sources of this one-time revenue included:

- **General Fund reserves created as a result of General Fund budget cuts in FY 2020-21 and higher-than-anticipated revenue.** Between September 2019 and May 2020, the General Fund revenue projected to be received across two years (FY 2019-20 and FY 2020-21) fell by a cumulative \$4.3 billion. Legislative Council Staff's May 2020 forecast projected General Fund revenue of \$10.3 billion for FY 2020-21. Based on this decline, the General Assembly took a range of actions to balance the FY 2020-21 budget, including transferring cash funds to the General Fund, eliminating budget increases, and cutting K-12 and higher education funding by over \$1.1 billion.¹ The General Fund appropriated in the FY 2020-21 enacted budget was 15.0 percent below the original FY 2020-21 request. However, in large part due to federal action to prop-up the overall economy, final General Fund revenue for FY 2020-21 came in at \$14.2 billion—nearly \$4.0 billion above the May 2020 projection—and well above expenditures. Thus, even after mid-year budget adjustments and TABOR refund obligations, Colorado had a reserve at the end of FY 2020-21 of \$3.2 billion (29.0 percent). Although many cuts were restored and appropriations increased by \$1.2 billion in FY 2021-22, revenue also continued to climb past expectations, from \$13.8 billion projected by LCS in March 2021, when the JBC set the budget, to final revenue of \$17.7 billion. This increase (\$3.9 billion) was directed to TABOR refunds, but the sustained higher revenue meant that reserves at the end of FY 2021-22 were still at \$3.2 billion. **A portion of these one-time savings were used to provide an ongoing 15.0 percent reserve, but the balance (\$1.6 billion) represented one-time funds that could be used for various initiatives.**
- **Support through the Federal Medicaid Assistance Percentage (FMAP) mechanism.** One of the mechanisms typically used by the federal government to assist states during recessions

¹ Almost all of this \$1.1 billion reduction were backfilled with one-time federal Coronavirus Relief Funds allocated by the Governor.

is increasing the share of federal funding provided for Medicaid. During the COVID-19 pandemic, the federal government provided a temporary increase of 6.2 percentage points for qualifying states covering January 1, 2020 through March 31, 2023. This enhancement was gradually scaled back to zero effective January 1, 2024. While Medicaid expenses typically also increase during a recession—and did during the COVID-19 pandemic—the degree of federal funds increase provided, which offsets General Fund needed, also had the effect of **adding to one-time available state General Fund of at least \$1.5 billion.**

- **Stimulus funds provided by the federal government.** Many of these funding sources were not under the control of the General Assembly, including federal Coronavirus Relief Funds (Governor control), as well as federal Elementary and Secondary School Emergency Relief Funds (largely individual school districts, as well as the State Board of Education) and Higher Education Emergency Relief Funds (individual higher education institutions). However, **\$3,828,761,790 in federal Coronavirus State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA funds) were deemed subject to appropriation by the General Assembly.**

In sum, staff estimates that over \$3.0 billion in one-time General Fund and \$3.8 billion in federal ARPA funds, as well as a range of other special federal allocations and state cash fund revenues² were received and available for expenditure by the General Assembly over the last four years as a result of the unprecedented fiscal environment created by the COVID-19 pandemic.

Use of the One-time Funds - Overview

How did the State use these funds? The majority of the funds that were available on a one-time basis were used during the 2021, 2022, and 2023 legislative sessions for activities that had a clear end-date, typically no later than December 2026. However, some of the federal ARPA funds and some of the other one-time money was used to balance the state budget in FY 2023-24 and FY 2024-25, including \$210.6 million General Fund that became available for expenditure in FY 2024-25 as a result of H.B. 24-1466 (Refinance Federal Coronavirus Recovery Funds). These funds, along with other one-time money, such as reserves in the State Education Fund, facilitated funding for higher education, closure of the K-12 budget stabilization factor, property tax relief, expansion of mental health and early childhood programs, and other programs that are valued by many legislators and Coloradans.

As the JBC is aware, the Governor's Office is projecting a gap of over \$1.0 billion between available General Fund revenue and expenses for FY 2025-26. This gap is caused by a number of

² For example, the State received additional federal Child Care Development Funds, which are also subject to appropriation. It also accumulated reserves exceeding \$1.0 billion in the State Education Fund, another source of valuable—but limited—one-time funding.

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factors but does in part reflect the roll-off of one-time funds. To some extent, the availability of one-time funds masked discrepancies between ongoing revenues and expenditures. To some extent, even when the source of funds is obviously one-time, it is difficult for the General Assembly not to spend those funds in the interest of supporting programs it values.

- **Use of One-time General Fund (excluding H.B. 24-1466 Funds):** A portion of the one-time General Fund available enabled the State to increase the General Fund reserve to 15.0 percent—something that had not been possible previously. It also enabled the State to make multiple one-time funding commitments during the following legislative sessions. **As of fall 2023, JBC staff’s estimate was that the General Assembly had allocated over \$2.7 billion General Fund for explicitly one-time activities during the prior three legislative sessions (2021, 2022, 2023).** JBC Staff briefing documents have included write-ups on the use of one-time funds in their departments for the last several years, and the JBC has requested updates on this spending from departments in prior year hearing questions.
- **Use of Coronavirus State Fiscal Recovery Funds and H.B. 24-1466: The General Assembly allocated most of the \$3.8 billion in federal ARPA funds during the 2021, 2022 and 2023 legislative sessions in more than 75 bills** in six major categories, each of which was associated with one or more cash funds: economic recovery and relief; workers, employers and workforce centers; behavioral and mental health; affordable housing and home ownership; revenue loss restoration (allocated for general government services); and transportation. In addition, \$370.0 million was allocated for flexible use by the Governor. For additional detail see Appendix D2 of the FY 2024-25 Appropriations Report on the allocation of ARPA funds as well as \$0.6 billion of one-time state General Fund money associated with the same programs.³

During the 2024 legislative session, in response to updated federal rules and guidance, Colorado took steps to ensure that the federal funds were expended as quickly as possible—generally by January 2025. As described in more detail below, \$1.6 billion that was at risk of not being expended by federal deadlines was “swapped” for General Fund in H.B. 24-1466 at the end of FY 2023-24/beginning of FY 2024-25. Of this amount, \$210.6 million was used to balance the state budget in FY 2024-25.

Have all the one-time funds been spent? What are the JBC’s Options? Much of the one-time money that was explicitly allocated for one-time purposes is spent or encumbered, but a significant amount is not, though much of this may be “committed”.

- The Governor’s November 1, 2024 request includes the assumption that there will be a total of **\$8,878,464 in reversions** affecting 19 programs that can be used toward FY 2025-26 balancing. Detail is included at the back of this packet.

³ <https://leg.colorado.gov/publications/appropriations-report-fiscal-year-2024-25>, pdf p. 502.

- In response to staff questions from staff, the Governor’s Office provided updated detail on use of the federal funds and use of General Fund in programs where federal funds were refinanced. As of September 30, 2024, this indicates that most refinanced General Fund is **not** yet expended, and **\$743.6 million is unencumbered**. Detail on the status of spending is attached.

	GF USED TO REFINANCE ARPA
Allocation	\$1,346,194,429
Expended	96,876,724
Encumbered	505,704,334
Unencumbered	743,613,370

- In general, staff hopes that the General Assembly will be able to make funding decisions that provide long-term savings for the state—rather than relying on the recapture of one-time funds--since any ongoing budget shortfalls that are addressed with one-time funds will need to be addressed again in the future through other reductions or revenue sources. Nonetheless, staff anticipates *one-time funds that can be identified will assist the Committee and has therefore encouraged staff to make related inquiries with their departments*. JBC Staff briefing documents for fall 2024 will include information, as part of budget balancing options, on one-time General Fund allocations and General Fund used to refinance ARPA-funded programs in H.B. 24-1466, that could potentially be “recaptured” for balancing.

Additional Background - House Bill 24-1466 (Refinance Federal Coronavirus Recovery Funds)

Origin of H.B. 24-1466: Federal law requires ARPA funds be “obligated” by December 31, 2024 and expended by December 31, 2026. On November 20, 2023, the federal government issued a new interim final rule defining the term “obligation”, which specified limits on reallocating unspent funds between December 31, 2024 and December 31, 2026.⁴ Based on this, during the 2024 legislative session the Governor’s Office and legislative staff recommended the State attempt to fully *expend* all ARPA funds on or around the December 31, 2024 obligation deadline. This led to the development and introduction of H.B. 24-1466 (Refinance Federal Coronavirus Recovery Funds) and its companion, H.B. 24-1465 (Program Changes Refinance

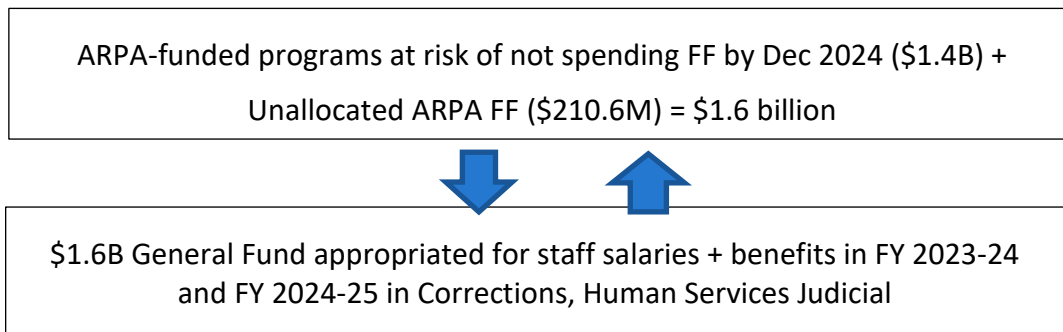
⁴ https://home.treasury.gov/system/files/136/Obligation_Interim_Final_Rule_2023.pdf. For additional background see: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds#:~:text=The%20Coronavirus%20State%20and%20Local,COVID%2D19%20public%20health%20emergency>.

Coronavirus Recovery Funds). The State’s approach is based on Colorado’s ability to use most of the federal funds received “for the provision of government services”.⁵

The “Big Swap”: [House Bill 24-1466](#) changes the use of \$1.6 billion of the federal Coronavirus State and Local Fiscal Recovery Funds Colorado received from the American Rescue Plan Act (ARPA money) and “swaps” it with state General Fund. The goal of this change:

- federal funds are fully expended, largely by the federal *obligation* deadline of December 31, 2024, and do not revert to the federal government; and
- programs originally funded by the General Assembly with the federal funds can complete expenditures as planned, typically through December 31, 2026.

In H.B. 24-1466, federal funds that were previously allocated to specific ARPA-supported programs are used to refinance state General Fund appropriations for personal services in the Departments of Corrections, Human Services, and Judicial for FY 2024-25. Spending federal funds this way “frees” General Fund to support the programs that were previously supported by the federal funds. This is the “swap”.



The “swap” process occurred across two days: June 30, 2024 and July, 1, 2024, representing the end of FY 2023-24 and beginning of FY 2024-25. Specifically, the timing included:

- *June 30, 2024:* \$1.4 billion **federal funds** that were previously allocated were consolidated into a single fund, along with unallocated federal funds, ensuring that \$1.6 billion federal funds was available in the American Rescue Plan Act of 2021 Cash Fund. (FY 2023-24 impact)
- *July 1, 2024:* \$1.4 billion **General Fund** was transferred into the various ARPA program funds to *backfill* the federal funds transferred on June 30, 2024. (FY 2024-25 impact).
- *FY 2023-24 appropriations:* \$1,018,000,000 federal funds appropriated and General Fund appropriations for personal services reduced in three departments

⁵ The General Assembly originally anticipated that the uses of these funds would be quite constrained under federal law. However, at the end of January 2022, the Controller informed the JBC that the State had calculated that its reduction in revenue due to COVID-19 would comprise \$3.65 billion of the total funds allocated to Colorado, enabling Colorado to use up to this amount “for the provision of government services”.

- *FY 2024-25 appropriations: \$587,182,048* federal funds appropriated and General Fund appropriations for personal services reduced in three departments

The net General Fund savings from H.B. 24-1466 of \$210.6 million was appropriated and transferred in other legislation as part of FY 2024-25 budget balancing.

H.B. 24-1466 General Fund Appropriation, Transfer, and Reserve Impacts: Legislative staff sought to ensure that state General Fund reserve requirements were not unduly affected by the bill, but the timing of appropriations and transfers in the bill—at the end of FY 2023-24 and beginning of FY 2024-25—distorts the General Fund appropriation and reserve picture.

- For FY 2023-24, General Fund *appropriations* are reduced by \$1.0 billion, a large General Fund savings, and backfilled with federal ARPA funds; but an associated General Fund expense---transfers from the General Fund to ARPA programs--only occurs in FY 2024-25. Because of this, **the General Fund reserve remaining at the end of FY 2023-24 appears high**, totaling 22.2 percent, and exceeds the statutory reserve requirement (14.7 percent of appropriations), despite the FY 2023-24 Medicaid over-expenditure.⁶
- For FY 2024-25, H.B. 24-1466 transfers \$1.4 billion *from* the General Fund on July 1 to support the many programs previously funded with federal ARPA funds. It also reduces General Fund appropriations to the Departments of Corrections, Human Services, and Judicial for personal services (staffing costs) by \$587.2 million, replacing these amounts with federal ARPA funds. Thus, **General Fund appropriations for FY 2024-25 appear low (by \$0.6 billion) and this amount must be restored to understand ongoing General Fund obligations.**
- For FY 2024-25, the statewide General Fund reserve requirement was adjusted to *increase* the reserve requirement by \$56,493,540. This adjustment was to ensure that the reserve was not reduced as a result of the one-time FY 2024-25 appropriation reduction in H.B. 24-1466.⁷ Once combined with the ongoing reserve requirement, the total reserve required in FY 2024-25 is 15.1 percent of General Fund appropriations.⁸ The September forecasts from both Legislative Council Staff and the Office of State Planning and Budgeting project that the State will fall below this 15.1 percent requirement in FY 2024-25.

⁶ H.B. 24-1466 included a provision that was intended to require that a 15.0 percent reserve be retained on the \$1,018,000,000 General Fund appropriations that were reduced for FY 2023-24 in H.B. 24-1466, but, due to a technical error in the bill, this requirement did not apply.

⁷ This figure was based on the General Fund appropriation reduction of \$587,182,048 in H.B. 24-1466, less the \$210,558,431 that was used for balancing in FY 2024-25, multiplied by 15.0 percent

⁸ The ongoing reserve requirement is 15.0 percent of appropriations less \$41,250,000 related to transferring a portion of the reserve to fund the escrow for the University of Northern Colorado's new College of Osteopathic Medicine pursuant to H.B. 24-1431. This lowers the ongoing reserve requirement to approximately 14.7 percent.

Implementation Thus Far: On September 13, 2024, OSPB submitted a report on behalf of itself and the Controller's Office indicating that implementation thus far has gone as planned.

"This progress has included:

- \$1.018 billion in SLFRF funds were expended for personal services in FY24 across three agencies;
- Updating contracts and agreements across agencies to reflect changes in funding sources; and,
- Using the established authority provided by HB24-1466 to make adjustments to agency allocations using the over-expenditure process."

In response to staff questions, the Governor's Office indicates that spending of the federal ARPA funds is occurring even more rapidly than originally anticipated, and it has provided JBC staff with detail as of September 30, 2024 which will be further updated in December. It has submitted data both on the expenditure of federal funds and on expenditure of General Fund that refinanced programs originally supported with federal funds. Data on General Fund expenditures to-date for the programs refinanced in H.B. 24-1466 has been included at the back of this packet.

FY 2024-25 Supplemental Changes & Recommended Legislation

House Bill 24-1466 was structured to ensure that the executive branch could take whatever action was necessary to spend all federal ARPA funds during the interim, without calling the General Assembly back into special session. This included allowing the Governor's Office to spend additional federal ARPA funds, beyond the amount included in H.B. 24-1466, on personal services and other expenses that are normally paid from the General Fund, with matching reductions in General Fund expenditures.

Staff anticipates that FY 2024-25 supplemental adjustments and transfer bills will be required for the following purposes:

- **Adjustments to H.B. 24-1466 funding with a net-zero General Fund impact:** Footnotes to the September 2024 report identify overexpenditures of \$130.8 million in federal ARPA funds for FY 2023-24. This kind of overexpenditure was anticipated, since the timing and fund source of many expenditures could not be precisely projected between FY 2023-24 and FY 2024-25. FY 2024-25 spending and appropriations will be adjusted to compensate for over-expenditures in FY 2023-24, with less federal spending in FY 2024-25. Consistent with this, *staff anticipates that there will be supplemental budget requests and related legislation in the 2025 session to "true up" funding sources for programs between General Fund and federal funds for FY 2024-25.* Staff anticipates adjustments related to these kinds of **timing** issues between FY 2023-24 and FY 2024-25 will have a net \$0 General Fund impact across the two years.

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- **Adjustments to address actual and anticipated reversions of program allocations:** The Governor's Office is expected to request adjustments for some programs that will not fully spend their one-time funding allocations. The Governor's November 1, 2024 request includes the assumption that there will be a total of \$8,878,464 in reversions affecting 19 programs that can be used toward FY 2025-26 balancing. This figure could grow as the year progresses, although staff understands the total is likely to remain under \$20 million.
- **Recaptures:** The Committee could choose to reduce the size of some previously-funded one-time programs, if it determines that there are now more pressing needs for the funds. Thus far, the Executive Branch is not requesting such reductions, but JBC staff may identify some likely candidates as part of their budget balancing briefing issues.

Legislation Needed: Transfer legislation will be required to ensure that some of the anticipated reversions in the Executive Request are deposited in the General Fund.

In addition, staff anticipates that legislation may be required to address remaining technical clean-ups. For example, staff understands that H.B. 21-1329 appropriated \$200,000 to the legislative department from an ARPA cash fund from money originating as General Fund but that money has not been spent. If the General Assembly wishes to use it in FY 2025-26, it should be transferred back to the General Fund.

Staff recommends that the Committee authorizes staff to begin drafting a bill that makes technical adjustments and transfers for programs that have been supported in part by federal ARPA funds. This should include related transfers to the General Fund that are identified in the Governor's November 1, 2024 budget request, the transfer related to H.B. 21-1329 described above, and any technical corrections identified by legislative branch and executive branch staff in H.B. 24-1466 or H.B. 24-1465. **The full content of a draft, including transfer amounts, will not be finalized for some months, when it will be brought to the JBC for its consideration. However, staff believes beginning this process will be helpful for both the Office of Legislative Legal Services and JBC Staff.**

Reversions Anticipated to Programs Refinanced in H.B. 24-1466				
Agency	Project Name	ARPA Reversion	ARPA GF Reversion	Total
BHA	Behavioral Health Statewide Care Coordination Infrastructure	1	0	1
	Behavioral Health Workforce Development Program	59,193	0	59,193
	Behavioral Health Workforce Development Program: Capacity Grants	152,300	0	152,300
	Community Mental Health Centers- School Aged Children	131,843	0	131,843
	Rapid Mental Health Response (I Matter) - Awareness Campaign	37,715	0	37,715
	Children Youth and Family Behavioral Health Services*	0	239,586	239,586
	Criminal Justice Intervention Detection & Redirection*	0	1,000,000	1,000,000
	Substance Use Workforce Stability Grant Program*	0	1,981,173	1,981,173
CDHE	Colorado Opp. Scholarship- Displaced Workers Grant	985,218	0	985,218
	Colorado Opp. Scholarship- Finish What You Started	563,000	0	563,000
	Incentives and Support for Medication for Opioid Use Disorder (MOUD)	500	0	500
	Re-engaged Initiative and Associate Degree	469,927	0	469,927
	Removing Barriers To Educator Preparation	500,000	0	500,000
CDHS	Adams County Facility Renovation Feasibility Study	192,200	334,200	526,400
	Behavioral Health Care Feasibility Study	10,806	0	10,806
	Colorado Benefits Management System Operating Expenses	327,895	0	327,895
	LEAP / CBMS Data System Interface	0	1,878,468	1,878,468
CDPHE	School-based Health Centers: Testing	4,106	0	4,106
DOLA	Special Session Emergency Rental Assistance Program (SLFRF)	10,332	0	10,332
Grand Total		3,445,037	5,433,427	8,878,464
*These ARPA reversion items will require legislation to recognize the benefit to the General Fund.				

Agency	State Bill	Funding Source	Project: Project Name	Millions of \$s			
				Allocation	Expended	Encumbered	Unencumbered
BHA	HB 22-1283	General Fund (R)	Residential Substance Use Treatment Beds for Children and Youth	2.90	-	2.58	0.32
	HB22-1281	General Fund (R)	Substance Use Workforce Stability Grant Program	6.10	-	3.35	2.75
			Behavioral Health Continuum Gap Community Investment Grants	12.10	-	6.38	5.72
			Children Youth and Family Behavioral Health Services Grants	20.10	-	15.54	4.56
			Colorado Land-Based Tribe Behavioral Health Services Grant Program	1.50	-	-	1.50
	SB22-177	General Fund (R)	Round 2: Care Coordination Infrastructure	10.50	-	1.42	9.08
	SB22-181	General Fund (R)	Behavioral Health Care Workforce: Innovative Recruitment & Retention Grants	1.60	-	1.41	0.19
			Behavioral Health Care Workforce: Learning Academy	3.86	-	1.00	2.86
			Behavioral Health Care Workforce: Behavioral Health Aide Program	1.45	-	0.80	0.65
			Behavioral Health Care Workforce: Peer Support Professionals	1.93	-	1.55	0.38
Behavioral Health Care Workforce: Workforce Expansion			12.37	-	1.65	10.72	
SB22-196	General Fund (R)	Criminal Justice Intervention Detection & Redirection Grant Program	24.51	-	18.98	5.53	
CDA	HB22-1380	General Fund (R)	Community Food Access Program	5.09	2.09	1.28	1.72
CDE	HB21-1264	General Fund (R)	Adult Education and Literacy Grant Program	2.56	0.32	-	2.24
	HB22-1243	General Fund (R)	Round 2: Behavioral Health Care Professional Matching Grant Program	1.24	0.05	0.79	0.41
	SB22-147	General Fund (R)	Round 1: Behavioral Health Care Professional Matching Grant Program	3.52	-	2.98	0.53
CDEC	HB22-1369	General Fund (R)	Children's Mental Health Programs	1.50	0.00	1.11	0.39
	SB22-213	General Fund (R)	Home Instruction for Parents of Preschool Youngsters - HIPPIY Program	0.57	-	0.57	-
			Emerging and Expanding Child Care Grant Program	6.10	-	2.56	3.54
			Employer Based Child Care	6.40	-	2.39	4.01
			Early Care Recruitment and Retention Program	14.25	0.03	3.15	11.07
			Family Friends and Neighbors Support Program	6.72	0.12	5.93	0.68
CDHE	HB21-1330	General Fund (R)	Colorado Opp. Scholarship- Finish What You Started (Alt. Eligibility)	10.46	1.18	-	9.28
SB21-288	General Fund (R)	Postsecondary Credential for Disproportionately Impacted Students Administration	0.29	0.09	-	0.20	
		Behavioral Health Workforce Credential Pathways	13.27	0.35	-	12.91	
		Healthcare Workforce: In-Demand Short Term Credentials	4.00	0.09	0.00	3.91	
		Neuro-psych Facility at Fort Logan	30.67	-	1.17	29.50	
CDHS	HB22-1259	General Fund (R)	Expanding Colorado Works Subsidized Training and Employment Program	0.40	-	0.40	-
	HB22-1303	General Fund (R)	Increase Residential Behavioral Health Beds - Contract Beds	5.49	-	-	5.49
			Increase Residential Behavioral Health Beds - Fort Logan	5.22	-	5.22	-
			Increase Residential Behavioral Health Beds - State Residential Facilities	1.86	-	-	1.86
	HB22-1380	General Fund (R)	Expanding Capacity for "Double-Up Food Bucks"	0.81	-	-	0.81
			LEAP / CBMS Data System Interface	1.81	-	-	1.81
			Joint Agency Interoperability Program: Work Management System Project	0.40	-	0.40	-
	HB22-1386	General Fund (R)	Adams County Facility Renovation Feasibility Study	0.33	-	-	0.33
	SB21-288	General Fund (R)	Round 1: CDHS Competency Beds Allocation (Contracted)	2.66	-	-	2.66
	CDLE	HB21-1264	General Fund (R)	Workforce Innovation Act: Local Workforce Areas	8.37	0.00	0.01
Workforce Innovation Act: Coaching Collaborative				2.06	-	-	2.06
Workforce Innovation Act: Non-Profit Provided Training				0.50	-	-	0.50
Workforce Innovation Act: Administration and Evaluation				1.44	-	-	1.44
Workforce Innovation Act: Business and Industry Support				2.30	-	-	2.30
Migrant Coordination - Office of New Americans				0.05	-	-	0.05
CDOT	SB21-260	General Fund (R)	Revitalizing Mainstreets	15.33	-	2.32	13.01
			Multimodal Transportation and Mitigation Options (MMOF)	96.16	0.70	54.57	40.89
			State Highway Fund: Shovel Ready Infrastructure Projects	60.00	-	24.86	35.14
CDPHE	HB22-1326	General Fund (R)	Round 3: Naloxone Bulk Purchase Fund	7.46	0.42	6.27	0.77
			Harm Reduction Grant Program	4.44	0.01	4.17	0.26
			Round 2: COVID-19 Public Health Response Initiatives: COVID-19 Vaccination	7.44	-	-	7.44
	HB22-1411	General Fund (R)	Round 3: COVID-19 Public Health Response Initiatives: COVID-19 Testing	41.20	-	-	41.20
			Round 2: COVID-19 Public Health Response Initiatives: Other COVID-19 PH Expe	13.82	13.52	-	0.31
			Round 1: COVID-19 Public Health Response Initiatives: COVID-19 Vaccination	20.62	13.96	-	6.66
	SB21-288	General Fund (R)	Round 1: COVID-19 Public Health Response Initiatives: COVID-19 Testing	63.90	4.52	-	59.38
			Round 1: COVID-19 Public Health Response Initiatives: Other PH Expenses	18.89	3.75	-	15.13
			COVID-19 Testing Lab Certification - Health Facilities and Emergency Medical	0.14	0.03	-	0.11
	SB22-147	General Fund (R)	Alternative Care Staffing Surge	6.83	6.83	-	-
			Payroll and Benefits for Public Health Response to COVID	1.00	0.81	-	0.19
			Round 2: School-Based Health Centers: Other	0.67	-	0.49	0.17
			Round 2: Mental Health Service Corps and Scholarships for Addiction Counselors	7.12	0.84	2.92	3.35
			Healthcare Workforce - Practice-Based Education Grant Program	13.46	0.02	12.86	0.58
			Healthcare Workforce Recruitment and Re-engagement Effort	5.69	-	0.15	5.54
Healthcare Workforce Resilience and Retention			0.26	-	0.08	0.18	
Health Workforce School Nurse Grant Program			1.56	0.01	1.23	0.32	
CDPS			SB21-288	General Fund (R)	Migrant NGO Services	12.69	-
SB22-196	General Fund (R)	Migrant Assistance Contracted Services	1.24	1.46	-	(0.22)	
		Migrant Support Coordination - Medical Financial Services	0.30	-	-	0.30	
		Round 1: Integrated Criminal Justice Information System (CICJIS) Linking Project	3.44	0.07	-	3.37	
DNR	HB22-1379	General Fund (R)	Healthy Forests and Vibrant Communities (HFVC) Fund	3.00	0.12	0.21	2.66
			Technical Assistance for Federal Water Project Grants	2.00	-	0.02	1.98
			Watershed Restoration and Flood Mitigation Grants	5.00	-	3.51	1.49
			Colorado Strategic Wildfire Action Program (COSWAP)	0.04	0.00	-	0.04
			Groundwater Sustainability in Rio Grande and Republican River Basins	0.50	-	-	0.50
DOC	SB22-196	General Fund (R)	Expand Medication Assisted Treatment in Prisons	2.55	0.04	0.26	2.26
DOLA	HB21-1271	General Fund (R)	Local Government Planning Grant Program	0.51	-	0.51	-
			Affordable Housing Development Incentives Grant Program	9.86	0.30	5.18	4.38
	HB22-1304	General Fund (R)	Infrastructure and Strong Communities Grant Program	29.21	-	22.53	6.68
			State Grants for Investment in Affordable Housing	125.60	10.94	79.54	35.12
	HB22-1356	General Fund (R)	Small Community-Based Nonprofit Grant Program	7.16	0.08	1.25	5.83
	HB22-1377	General Fund (R)	Homelessness Response Grant Program - Services	53.26	2.02	42.22	9.02
			Homelessness Response Grant: Denver- Theodora Family Hotel	7.00	-	-	7.00
			Homelessness Response Grant: Delta County- Delta Shelter	1.25	-	-	1.25
			Homelessness Response Grant: Larimer County- Matthews House	3.76	-	-	3.76
			Homelessness Response Grant: Montrose County- Village on San Juan	5.59	-	-	5.59
			Homelessness Response Grant: Pitkin County- Response Shelter	4.00	-	-	4.00
			Homelessness Response Grant: El Paso County- Helen Hunt Campus	4.41	-	-	4.41
			Homelessness Response Grant: Arapahoe County- Ready to Work Englewood	3.00	-	-	3.00
			Homelessness Response Grant: Jefferson County- Recovery Works	4.00	-	-	4.00
			Homelessness Response Grant: Mesa County- Mother Teresa Place	4.71	-	-	4.71
			Regional Navigation Campus Grant: Administration	4.65	21.93	4.37	(21.65)
	Regional Navigation Campus Grant: Arapahoe County Tri-Cities Navigation Center	1.65	-	-	1.65		
Regional Navigation Campus Grant: Aurora Regional Navigation Campus	15.36	-	-	15.36			
Regional Navigation Campus Grant: Boulder Day Services Center	1.27	-	-	1.27			
Regional Navigation Campus Grant: Denver Navigation Campus	17.39	-	-	17.39			

Agency	State Bill	Funding Source	Project: Project Name	Millions of \$\$			
				Allocation	Expended	Encumbered	Unencumbered
			Regional Navigation Campus Grant: Jefferson County Regional Navigation Campu	9.33	-	-	9.33
	SB21-242	General Fund (R)	Hotels Tenancy Support: Acquisition Fund-Admin	0.02	-	-	0.02
	SB21-288	General Fund (R)	Local Affairs Recovery/ARPA Administrative Funds	0.49	0.06	-	0.43
	SB22-211	General Fund (R)	Repurpose of the Ridge View Campus for Homelessness Response	44.09	0.38	6.03	37.68
DPA	HB22-1329	General Fund (R)	Round 1: State Capital Facilities Project Funding	131.23	2.88	24.59	103.76
	SB21-288	General Fund (R)	Office of the State Controller ARPA - Compliance Expenses	8.24	0.76	4.80	2.67
	SB23-214	General Fund (R)	Round 2: State Capital Facilities Project Funding	30.50	0.02	0.08	30.41
GOV	SB21-288	General Fund (R)	Recovery and Infrastructure Administrative Support - Governor's Office	2.42	0.06	-	2.35
			Recovery and Infrastructure Administrative Support - Operations	2.67	0.17	-	2.50
			Recovery and Infrastructure Administrative Support - OSPB	4.36	0.25	-	4.11
			Round 2: Recovery Officers Administrative Costs	8.57	0.96	-	7.61
HCPF	HB22-1302	General Fund (R)	Healthcare Practice Transformation & Integration	20.99	0.30	17.37	3.32
	SB22-200	General Fund (R)	Rural Healthcare Provider Expanded Access	2.30	-	2.30	-
JUD	HB 22-1329	General Fund (R)	IT Infrastructure Upgrades	17.00	1.52	-	15.48
	SB22-196	General Fund (R)	Pretrial Adult Diversion Program	1.30	0.01	-	1.29
OEDIT	HB22-1350	General Fund (R)	Regional Talent Development Initiative Grant Program ("Opportunity Now")	68.73	-	68.73	-
	SB21-288	General Fund (R)	OEDIT Recovery Administration	0.78	0.07	-	0.71
	SB21-291	General Fund (R)	Strategic Fund - Technical Assistance	3.63	0.11	2.74	0.78
			Strategic Fund - Travel, Tourism and Hospitality Industry	0.07	-	-	0.07
			Strategic Fund - Workforce Resilience Training Assistance	2.36	0.02	2.34	-
			Strategic Fund - Data System Modernization	0.00	0.45	-	(0.45)
			Strategic Fund - Community Business Preservation Program	1.07	-	1.07	-
OIT	HB21-1289	General Fund (R)	Broadband Grants to Tribes	8.06	-	8.06	-
			Rural Health Facilities Broadband Infrastructure (Telehealth Grants)	2.64	1.00	0.97	0.67
			Broadband Deployment Board-Last Mile: RDOF Overlap Projects	0.83	-	0.32	0.51
			Broadband and Digital Equity Administration	0.35	0.88	-	(0.54)
			Broadband Deployment Board-Last Mile	14.46	0.27	14.19	-
	SB21-288	General Fund (R)	Broadband Mapping and Administration	0.07	-	-	0.07

MEMORANDUM



JOINT
BUDGET
COMMITTEE

To Members of the Joint Budget Committee
From Amanda Bickel, JBC Staff (303) 866-4960
Date November 13, 2024
Subject Common Balancing Issue (Shell)

Each JBC Staff budget briefing packet this year will include an issue describing budget balancing measures in the executive request and additional options identified by staff for consideration by the JBC. The attached shell is provided to assist the Committee in understanding the structure of these write-ups.

Budget Reduction Options

The Executive Budget Request includes reductions of \$_____ General Fund for the Department of X, Divisions of X, Y, Z, representing X% of the General Fund appropriations in this section of the budget. This issue brief reviews these proposals and additional options identified by staff.

Summary

- The Department of X, division(s) of y, represents x percent of total state General Fund appropriations in FY 2024-25. The Executive budget request includes proposed reductions of \$_____, representing X percent of the General Fund appropriations in this section of the budget. These reductions are offset by proposed increases, so that the Department/Division's total General Fund is requested to increase/decrease by x percent.
- [Add additional bullets on the most significant reductions proposed and staff options for additional reductions.]

Recommendation

- Staff recommends that the Department discuss the Department proposals and staff options in its budget hearing, focusing particularly on x, y, z.
- [If relevant, add anything you are prepared to recommend at this stage in the process, e.g., one-time cash fund transfers; drafting for a bill to refinance something. If you are supportive of something and it will require a bill, it may be helpful to LLS to get some of this work started.]

Discussion

Funding History FY 2018-19 to FY 2024-25

The Department of X, division(s) of y, represents x percent of total state General Fund appropriations in FY 2024-25. As reflected in the table below, General Fund in this section of the budget has increased/-decreased by xx.x percent since FY 2018-19 after adjustments for inflation and H.B. 24-1466. This is more/less than the statewide increase in General Fund appropriations of 11.3 percent over the same period after adjustments.¹ Over the same period total funding in this section of the budget, after adjustments, has changed by x percent.

¹ FY 2024-25 appropriations are adjusted to *exclude* the impact of H.B. 24-1466 (Refinance Federal Coronavirus Recovery Funds) which provided for a one-time decrease of \$587.2 million in General Fund appropriations for FY 2024-25, spread across the Corrections, Human Services, and Judicial Departments. Temporary personal services reductions in these departments were backfilled with federal funds from the American Rescue Plan Act (ARPA).

FY 2018-19 to FY 2024-25 Appropriations Comparison - Adjusted for Inflation					
Fund	FY 2018-19		FY 2024-25 ¹	Increase/ -Decrease after inflation adjustment	
	Nominal Dollars	FY 24-25 Dollars		Amount	Percent
General Fund	\$964,166,585	\$1,221,152,489	\$1,593,256,775	\$372,104,286	30.5%
Total Funds	\$4,387,736,392	\$5,557,229,737	\$5,955,184,815	\$397,955,078	7.2%

¹Adjusted to exclude one-time refinance in H.B. 24-1466. [include this footnote for Corrections and relevant sections of Judicial and Human Services departments.]

[Add additional text/charts as necessary to explain anomalies or trends in the GF and TF. However, do not just repeat the Factors Driving the Budget.]

Budget Requests for General Fund Relief

For this section of the budget, the budget request includes proposals for General Fund relief totaling \$____, representing X percent of the General Fund appropriations. These reductions are offset by proposed increases, so that the Department/Division's total General Fund is requested to increase/decrease by x percent. The proposals for General Fund relief are summarized in the table below. Some of the proposals require statutory change.

Budget Requests for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
Revenue Enhancements				
Severance Tax Operational Account Transfer	\$573,000	-\$573,000	Y	This fund is used primarily for X. The request proposes to transfer approximately x.x percent of the end of year fund balance to the General Fund. This is a one-time option.
Reallocate X Fund	500,000	-500,000	Y	This fund is used primarily for X. The request proposes to redirect a portion of the revenue from x fees to the General Fund on an ongoing basis.
Subtotal - Revenue	\$1,073,000	-\$1,073,000		
Expenditure Reductions				
R3 Grant program x	-\$573,000	\$0	N	This request includes an ongoing cut of x.x percent to this grant program. [You may briefly add relevant information, but remember that your DI descriptions should already include related information & you should limit duplication] The requested reduction is offset by increases in the same decision item.
R10 Z program	-\$500,000	\$500,000	N	The request includes a one-time refinance to the z program. This amount will need to be restored in the out-year.....

Fiscal year 2018-19 appropriations are adjusted for inflation, calculated based on the Legislative Council Staff September 2024 forecast, which reflects an increase in the Denver-Aurora-Lakewood consumer price index of 26.7 percent between FY 2018-19 and FY 2024-25.

Budget Requests for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
R15 Q program	-1,000,000	0	N	The request is to end the N program one year early. This change requires legislation.
Subtotal - Expenditures	-\$2,073,000	\$500,000		
Net General Fund Relief	\$3,146,000			

[Add tables or text, or modify the table above, to explain non-standard impacts, such as a changes to how revenue is treated under the TABOR cap.]

Additional Options for JBC Consideration

The table below summarizes options identified by the JBC staff that the Committee could consider in addition to or instead of the options presented in the budget request. [These should be based on an assumption that the General Assembly needs to reduce the statewide General Fund budget in the range of 5-10 percent; we will provide a target after the budget request, and we will ask you to keep this figure in mind as you construct the table. Items in the table should be ordered from lowest impact on program operations to highest, rather than by dollar value.]

A General Fund reduction of 5.0 percent to the sections of the budget covered in this briefing would require a reduction of \$XXX.

Additional Options for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
Revenue Enhancements				
Cash Fund N Transfer to GF	\$2,000,000	-\$2,000,000	Y	This fund is used primarily for X. It has accumulated a fund balance of z. Although this was supposed to be expended over 5 years, revenue has continued to outstrip expectations. A one-time transfer of \$2.0 million should not affect program operations.
End X ARPA Program Early	\$5,000,000	-\$5,000,000	Y	The X program was initially created using federal Coronavirus State and Local Fiscal Recovery Fund money, but it was refinanced with General Fund in H.B. 24-1466. This option would end the program six months early and transfer any remaining funds to the GF.
End Y ARPA Program Early	1,000,000	-1,000,000	Y	The X program was initially created using federal Coronavirus State and Local Fiscal Recovery Fund money, but it was refinanced with General Fund in H.B. 24-1466. This option would end the program six months early and transfer any remaining funds to the GF.
Subtotal - Revenue	\$8,000,000	-\$8,000,000		
Expenditure Reductions				

Additional Options for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
Reduce Leased Space	-\$50,000	\$0	N	The Department's leased space line item has been reverting 10.0 percent a year. This option is for a cut of \$50,000 (5.0 percent).
Refinance Grant Program Z	-\$573,000	\$573,000	N	Under current law, this program may be funded by the GF or the xxxx cash fund. This option would support the program entirely from the xxx fund.
Reduce Institutional Formula Funding 5-10.0 percent	-150,000,000	50,000,000	N	This option would reduce General Fund provided to the institutions and assume partial backfill of the reduction with increased tuition revenue.
Subtotal - Expenditures	-\$150,623,000	\$50,573,000		
Net General Fund Relief	\$158,623,000			

Revenue Enhancements

Cash Fund N Transfer to GF

Description: Bill to transfer \$2.0 million from the xx fund to the General Fund.

Key Considerations: The transfer does not negatively affect any existing program, although, if the full amount is transferred, there would not be funds available for This is a one-time option.

Additional background: The fund consists of civil penalties, donations, interest, and legislative appropriations. It may be expended for administration, investigation, abatement action, and corrective action plans for petroleum releases. According to the Department, the majority of the funds balance comes from a settlement of approximately \$7.0 million in 2013 from a petroleum company that collected funding from both the redevelopment fund and from their insurance company for a petroleum contamination clean up.

The Fund, created at ..., C.R.S. is continuously appropriated to the Department.

	xxxx FUND			
	FY 2023-24 ACTUAL	FY 2024-25 ESTIMATE	FY 2025-26 ESTIMATE	FY 2026-27 ESTIMATE
Beginning FY Balance	\$7,474,893	\$7,415,462	\$680,298	\$32,373
Revenues	211,307	198,116	198,116	198,116
Expenditures	-270,738	-233,280	-846,041	-230,489
Ending FY Balance without transfer	\$7,415,462	\$7,380,298	\$32,373	\$0
Transfer Option		-6,700,000		
Ending FY Balance after transfer		\$680,298		

Fee impact: None. Revenue is from legal settlements and penalties.

End X ARPA Program Early

Description: End x program early, transferring unspent funds to the General Fund.

Key Considerations:

Additional background:

End Y ARPA Program Early

Description:

Key Considerations:

Additional background:

Expenditure Reductions

Reduce Leased Space

This budget option would cut funding for department leased space by The Department has consistently reverted 10.0 percent per year from this line item. The Department projects increases in expenditure of x, but a cut of y should still be feasible. **[Try to use the italicized paragraph leaders of description, key considerations, and additional background if possible.]**

Refinance Grant Program Z

Description: Budget option would fund x program from the X Fund, instead of the General Fund.

Key Considerations: The program was previously funded entirely from cash funds, but General Fund was added in 2023-24.

Additional background: The X Fund has a fund balance of y and could support the program indefinitely.

Reduce Institutional Formula Funding 5.0 to 10.0 percent

Description:

Key Considerations:

Additional background: