MEMORANDUM

JOINT BUDGET COMMITTEE

TO	JBC Members
FROM	JBC Staff
DATE	March 18, 2021
SUBJECT	Comeback Packet 2

Included in this packet are staff comeback memos for the following items:

Local Affairs (Andrea Uhl):
- R3 Crime Prevention Initiative Grant Program *(Tabled Item)*
- R5 Law Enforcement Community Services Grant Program *(Tabled Item)*

Governor – OEDIT (Scott Thompson):
- Summary of OEDIT programs historically funded with gaming revenue transfers *(Additional Information)*
- Job Training programs (*Additional Information)*

Treasury (Mitch Burmeister): Unclaimed Property Trust Fund update *(New Item)*

Agriculture (Andrew Forbes): R2 Hemp Enforcement FTE *(Tabled Item)*

Labor and Employment (Amanda Bickel):
- Roll forward for Independent Living Centers
- Restore Veterans Service-to-career Appropriation
- Modify informational amounts for Labor Market Information and Unemployment Insurance Administration

Natural Resources (Justin Brakke)
- R1 Wildfire risk mitigation and watershed restoration *(Tabled Item)*
- Water Education Colorado *(New Item)*
- Off-highway Vehicle Recreation Fund reimbursement (Legislation required) *(New Item)*

Human Services (Christina Beisel)
- Annualization corrections *(Technical Item)*
- Add Medicaid Funds to Provider Rate Base *(Technical Item)*

Human Services (Tom Dermody)
- R3 Support for early childhood workforce *(Tabled Item)*
- R12 CCCAP Early childhood educators salary subsidy grant program *(Tabled Item)*
- Additional information on various programs *(Additional Information)*

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Andrea Uhl, JBC Staff (303-866-4956)
DATE	March 18, 2021
SUBJECT	Staff Comebacks for the Department of Local Affairs – Crime Prevention Initiative Grant Program; Law Enforcement Community Services Grant Program

This memo contains comebacks for the following decision items in the Department of Local Affairs that were tabled on February 17th:

- R3 Crime Prevention Initiative Grants Continued Adjustment
- R5 Law Enforcement Community Services Grant Program

➔ R3 CRIME PREVENTION INITIATIVE GRANTS CONTINUED ADJUSTMENT

INFORMATION INCLUDED IN FIGURE SETTING:

The Department requests a one-year continuation of the $1.0 million General Fund reduction to the Crime Prevention Initiative Grant Program made during budget balancing in the 2020 Session. The Program, created through H.B. 17-1326 (Justice Reinvestment Crime Prevention Initiative), was appropriated $3.0 million General Fund annually since FY 2017-18 until being reduced to $2.0 million in FY 2020-21.

RECOMMENDATION: **Staff recommends approving the request,** but would note that this budget balancing action was intended to be one-time only when the Committee took action during the 2020 Session. Additionally, this program has expended its entire appropriation each year since inception, unlike many of the Department's other grant programs.

ANALYSIS:

The Crime Prevention Initiative Grant Program was appropriated $3.0 million General Fund annually since FY 2017-18 until being reduced to $2.0 million in FY 2020-21. The Department assumes the Program will receive the full $3.0 million appropriation in FY 2022-23, which is its final year of operation. Senate Bill 19-064 (Retain Criminal Justice Programs Funding) extended the repeal date from September 1, 2020 to September 1, 2023.

In FY 2019-20, 43 organizations in the target communities of North Aurora and southeast Colorado Springs received funding through this line item. Grants focus on recidivism reduction, substance use, safety for homeless persons, trafficking prevention, and addressing systemic causes of disparities. Geographic diversity, makeup of the organization (i.e. minority led), and diversity of persons served are all considered in grant criteria. The Denver Foundation, the organization that oversees the Program, reports that only 21 grantees received funding in FY 2020-21 due to the reduction. The Program has consistently expended its full appropriation each year.

2020-2021 GRANTS – THE DENVER FOUNDATION AWARDED $2,000,000	
Program Evaluator, Administration and North Aurora Grant Subrecipients	
Latino Coalition	$200,000
The Denver Foundation (administrative fee)	80,000
CommunityWorks	100,000
Second Chance Center	100,000
The Rock Center	25,000
Work Options for Women	70,000
Heavy Hands Heavy Hearts Foundation	85,000
Sistahood Project	70,000
Servicios de la Raza	70,000
Glowmundo Creations	55,000
Resilient Futures	45,000
Restoration Project International	20,000
Aurora Economic Opportunity Coalition	50,000
Caring & Sharing Community Resources and Transformation Center	70,000
Center for Trauma & Resilience	100,000
Total Program Evaluator, Administration and North Aurora Subrecipients	**$1,140,000**
Southeast Colorado Springs Grant Subrecipients	
Colorado Springs Works	$150,000
Kingdom Builders Family Life Center	100,000
Relevant Word Ministries	100,000
Second Chance Through Faith	140,000
WeighOut Ministries	70,000
Voces Unidas	150,000
Thrive Network	150,000
Total Colorado Springs Subrecipients	**$860,000**
TOTAL FY 2020-21 GRANT ACTIVITY	**$2,000,000**

This program is rated a Step 2 on the Evidence Continuum because it tracks sub-grantee outcomes, but does not tie those outcomes to broader goals for the State, such as a reduction in crime.

ADDITIONAL INFORMATION:

The Department is required to provide an annual report to the Joint Judiciary Committee on the progress and outcomes of the previous year. Additionally, the Denver Foundation is required to contract with a third-party evaluator to assist each local planning team in establishing best practices for data collection and identifying performance and outcome measures to assess the impact of funded projects and programs[1]. The Denver Foundation partners with the Latino Coalition for Community Leadership for this purpose.

[1] See Section 24-32-120 (2)(c)(V), C.R.S.

Highlights from December 2020 report to the Joint Judiciary Committee:

The December 2020 report provides program highlights from December 31, 2019 to November 30, 2020. Each target community has a specific set of priorities for the grant program. Priorities for the most recent reporting period are listed as follows:

North Aurora:
A. Supports Adults and Youth who are or have been involved in the criminal justice system in order to reduce recidivism or incidence of reoffending.
B. Help youth (up to age 25) develop the skills and resilience to avoid, reduce, or stop high-risk behavior that can lead to involvement with the criminal justice system.
C. Increase academic achievement by reducing rates of school suspensions, expulsion and referrals to law enforcement, with a particular emphasis on students of color.
D. Reduce/prevent crime affecting the most vulnerable people in the North Aurora community with a particular focus on people experiencing homelessness, immigrants, victims of sexual assault and victims of sex trafficking.

Southeast Colorado Springs:
A. Supports Adults and Youth who are or have been involved in the criminal justice system in order to reduce recidivism or incidence of reoffending.
B. Help youth (up to age 25) develop the skills and resilience to avoid, reduce, or stop high-risk behavior that can lead to involvement with the criminal justice system.
C. Improve community-based support to reduce violence and neglect in families.
D. Address systemic causes of economic racial, and academic disparities.

The overarching goal of the program is to reduce recidivism and prevent crime. The grant team made extra effort in FY 2020-21 to determine the extent to which grantees have productive relationships with law enforcement by asking applicants to highlight examples of those relationships. The program reported 18 of 20 successful applicants successfully did so, with the following examples provided:

- **Center for Trauma & Resilience**: Conduct presentations and outreach in schools and community centers in North Aurora on working with local law enforcement. The goal of these presentations is to educate the community on how working in partnership with local law enforcement will improve the community and increased safety for all residents.
- **Colorado Springs Works**: Conduct extensive prison in-reach and orientation to inform inmates about their services and how they can help them re-integrate successfully into their communities post-release.
- **Caring & Sharing/Second Chance Center**: Grantees have opened up channels to provide consistent communication and support to probation and parole officers about their program participants' success in accomplishing their goals.
- **Aurora Economic Opportunity Coalition**: Grantee sits on the Aurora Police Department's Community Policing Advisory Team.
- **Kingdom Builders/VOCES Unidas**: Grantees are working with law enforcement to provide services and connections for victims of domestic violence.

- **Youth Transformation Center/ Juvenile Assessment Center/ Arc of Aurora**: Grantees are providing training and working in partnership with School Resource Officers to increase the awareness of inherent bias in the school setting in order to disrupt the school to prison pipeline. (Note: These organizations were not funded in the most recent grant cycle due to budget cuts.)
- **Heavy Hands Heavy Hearts**: Local law enforcement officers are serving as volunteers and mentors with youth and young adults.

Other data

The Crime Prevention Initiative Grant Program provides funding to a variety of grantees and causes. Many grantees offer support, prevention, and/or relationship building services, the outcomes of which are extremely difficult to measure. Of the many causes and goals covered by these grantees, only a few have quantifiable outcomes. Grantees with concrete data are primarily those providing services related to entrepreneurship, recidivism, and workforce training and placement.

When discussing evidence related to this program, it is helpful to consider the difference between outcomes and outputs. Outcomes are what an organization/program is trying to achieve; outputs are what the organization/program does to achieve those outcomes. Outputs do not help observers evaluate the effectiveness of a program unless they are demonstrably linked to a specific and measurable outcome. So while this program has a large number of observed outputs, most are not definitively linked to a measurable reduction in recidivism and crime. However, that is not to say this program's numerous and varied outputs don't have societal benefits.

Measurable program outcome examples:

- **Work Options for Women** (North Aurora): Provided culinary training for 33 justice-involved women through its mobile classroom. Of these graduates, 90 percent became employed, 89 percent retained employment for 6 months and 96 percent did not recidivate.
- **Second Chance Center (**North Aurora): Over 230 justice-involved individuals have been enrolled in the program to receive mentoring, employment preparation, basic needs support, training, case management, and housing assistance. Observed a 61.6 percent placement rate for participants placed in employment, post-secondary education, or occupational skills training; 4.8 percent recidivated (returned to incarceration while in the program). (Data from December 2019 report to the Joint Judiciary Committee)

Measurable program output examples:

- **AuroraWorks** (North Aurora): 8 individuals obtained employment and 13 completed occupational skills training and/or pre-apprenticeship training resulting in an industry recognized credential.
- **Restoration Project International** (North Aurora): Helped four survivors of sex trafficking launch their own businesses.
- **Rocky Mountain MicroFinance (**North Aurora): 8 justice-involved participants graduated from an entrepreneurship Boot Camp (Data from December 2019 report to the Joint Judiciary Committee)
- **Aurora Economic Opportunity Coalition** (North Aurora): Helped 18 individual day laborers recover stolen wages in the amount of $64,690.

Other program output examples:

- **Kingdom Builders & Voces Unidas** (SE Colorado Springs): Grant funds provided capacity building that significantly impacted their ability to increase resources ($197,000 and $150,000 respectively), which has enabled these small community-based organizations to better understand and meet the needs of victims and their families. (Data from December 2020 report to the Joint Judiciary Committee)
- **Aurora Warms the Night** (North Aurora): "Of the clients that are willing to answer this question, 100 percent have said that our services make them feel safer in the community. On any given night over 80 percent of our folks receive basic necessity items, food, referrals to services, rides to hospital, etc. We have several volunteers that are bringing blankets, rain ponchos and clothes to the trailer as well." (Data from December 2019 report to the Joint Judiciary Committee)

The Colorado Criminal Justice Reform Coalition submitted the following data on behalf of the Crime Prevention Initiative Grant Program detailing outcomes/outputs by summary priority area for the program. The table includes data from all 44 grantees from October 1, 2018 to September 30, 2020.

1. Supports adults and youth who are or have been involved in the criminal justice system in order to reduce recidivism or incidents of reoffending

- 70% of Participants Completed Occupational Skills Training & Gained Certificate
- 70% of Participants Obtained Employment
- 89% of Employed Participants Retained Employment for 6 months
- Less than 6% In Program Recidivism Rate
- 93% of Youth Participants had no new charges or delinquencies
- 81% of youth had their records expunged

2. Help youth (up to age 25) develop the skills and resilience to avoid, reduce, or stop high-risk behavior that can lead to involvement with the criminal justice system

- 81% of participants reported increase in Resiliency
- 96% of participants Reported increase in Healthy Relationships
- 100% of participants have had no new charges & remain in good standing with law enforcement
- Less than 6% of youth had a failure to appear in court

3. Increase academic achievement by reducing rates of school suspensions, expulsion, and referrals to law enforcement, with a particular emphasis on students of color

- 75% of participating schools indicate a reduction of school suspensions, expulsions and referrals to law enforcement
- 75% of teachers reported an increase in awareness and the ability to 1.) Use trauma informed practices when dealing with negative behavior of students. 2.) Be more resilient themselves 3.) Manage their own biases and increase their equitable lens in their teaching

4. Reduce/prevent crime affecting the most vulnerable people in the North Aurora community with a particular focus on people experiencing homelessness, immigrants, victims of sexual assault and victims of sex trafficking

- 88% of clients report feeling safer
- 100% of individuals successfully completed and maintained housing for 90 days or more

- 76% of the homeless individuals served were referred to mental or social services through Aurora Mental Health

5. Improve community-based supports to reduce violence and neglect in families

- 89% of students reported an increase in their ability to recognize abuse
- 77% of school personnel reported having an increase in knowledge of how to support student victims
- 100% of parents/caregivers reported an increase in their level of awareness and understanding about personal safety
- 99.8% of parents reported they learned new ways to talk to their children about interpersonal safety

6. Address systemic causes of economic, racial and academic disparities

- 90% of entrepreneurship graduates started a new business
- 90% of students indicated they plan on attending college
- 100% of families involved in Pop-up Play events reported feeling safe within the park (parks that had been reported as not being safe)

Other success stories/testimonials:

GRANTEE	SUCCESS STORY
KidPower *Working with children to reduce the risk of abduction, assault, and all kinds of abuse.*	KidPower received a call from a parent who shared how her young daughter used the skills she learned from the KidPower training while staying at a family members house there was attempted abuse by a friend of the family member. The young girl used the techniques she learned to repeatedly say "no" and when that did not stop the abusive behavior she was confident enough to immediately seek out another adult to stop and avoid he abuse. Her attacker was charged and imprisoned ensuring no other children will experience abuse by this individual.
Educating Children of Color *Working with youth of color, professionals and educators.*	Diversity University (Teacher Testimonial): "This will carry over to my teaching in many ways. The way I approach others, especially students, has changed. I take more time getting to know individuals and I am more patient, kind and caring. I guess you could say my perseverance to never give up on any one of my students is greater because of what I learned from the Diversity University. I recognize wrongs among and between us and I work to correct those wrongs. It is my goal to be 100% certain all my students know that everyone, all students are welcome in my classroom and it is a safe place for every student." Leadership Academy (Student Testimonials): "I benefited from the training day because it opened my eyes to some benefits of growing as a person and becoming a leader." "It was an overall awesome experience because I got to interact with many different people and learned new leadership skills." "I have benefitted from training day I learned to go after my goals and don't let anyone be in the way of that."
ColoradoSpringsWorks *Working with justice-involved adults.*	Gary Long enrolled with us through the Transforming Safety Project. A veteran, he was dealing with multiple health issues that limit his mobility. Usually a hands-on worker, Gary was only working light construction projects with a friend's company. Gary's limits caused him to be eligible for little work, and he was going to flea markets to sell things for extra income. Gary came to us in need of clothing, as everything he owned was given away while he was in prison. Other resources were given to help Gary

	find more gainful employment. Gary was ultimately motivated to start his own business or study law. Gary's hours began to drop every week and he was desperate to find employment fast, as he had to start saving to pay for his hernia surgeries. In April, Gary attended our construction workshop lab and flourished. There was a day when the instructor was running late, Gary took Initiative, jumped in and continued the workshop until the instructor arrived. Gary's initiative and ability to connect with other participants lead us to hire him on as a temp. Gary has been facilitating out construction classes as well as mentoring struggling participants. He thrives in an environment where he is able to help teach others. The week Gary was hired, he heard good news back from the VA stating that they would pay for all of his medical costs and continuing education. Gary has decided to get into psychology so he can get his master CAC ad use his past experiences to help others.
Voces Unidas *Working victims of domestic violence.*	We have 2 latinas attending our programs, Cafecitos, who work for a mainstream domestic and sexual violence response agency in town. They have shared their surprise at the power of the circle and the process being based in language and culture, and the manner in which the topics are implemented. They have both shared their gratitude for out culturally and linguistically specific organization serving our communities. 2: When offered a job at another organization one of our Promotoras de Paz, chose to stay with Voces Unidas for Justice. She said that it is because of how profound the personal development has been and that her relationships with both her husband and her family and friends have improved to such a degree that she is not ready to leave our programs, even for more money. We fell that even her talking to us about this, and sharing her decision-making process, is a success in that it shows the relationship we have amongst all of us.
Thrive Network *Working with Entrepreneurs*	S. Schultz – starting the local TAPTRUCK franchise E. Salinas – launched Mobile Organic Grocery delivery – A FRESH MOVE. J. Ramirez – broke ground on the first SE coffeehouse – STOMPIN GROUNDZ
Restoration Project International *Working with Victims of Sex Trafficking*	Through our classes, we have been able to help 17 sex trafficking survivors build a foundation for financial stability and capability- three out of these are on their way to starting a small business, one current participants are also contemplating starting a small business. By the end of the upcoming Microsoft class in the first week in July, one of our class participants will be connected to a job opportunity with a small business. One of our donors is working with us to offer a job opportunity to any one of the graduates of our Microsoft class that is interested.
AuroraWorks *Working with justice-involved adults.*	Ricardo A is now employed at The Community Barbershop through AuroraWorks collaboration with Arapahoe/Douglas County Workforce Center WIOA program. He is learning customer service skills, self-promotion tactics and outlets and barbering skills, and has now got hired at FleetLogix for a second job. Since they day he's came he's been nothing but successful.

Additional comments:

House Bill 21-1215 (Expansion of Justice Crime Prevention Initiative) by Representative Holtorf and Senator Hisey proposes expanding the Justice Reinvestment Crime Prevention Initiative to a statewide program and adding a small business grant program for formerly incarcerated persons. The outcome of this bill is a separate issue from the Figure Setting item before you today. The decision at hand is whether to restore the Crime Prevention Initiative Grant Program to its previous level of funding or continue the $1 million reduction made during 2020 balancing.

➔ R5 LAW ENFORCEMENT COMMUNITY SERVICES GRANT PROGRAM

INFORMATION INCLUDED IN FIGURE SETTING:

The Department requests an ongoing increase of $200,000 cash fund spending authority from the Law Enforcement Community Services (LECS) Grant Program Fund to begin making grants. The program was intended to begin grantmaking in FY 2020-21, however, the Fund has not been accruing revenue as quickly as originally estimated due to the unpredictable nature of the revenue stream coming from the sale of seized assets.

RECOMMENDATION: **Staff recommends approving the request.**

ANALYSIS:

The Law Enforcement Community Services Grant Program was created by H.B. 18-1020 (Civil Forfeiture Reforms) to provide funding to law enforcement entities, local governments, and community organizations to improve services to communities through community policing and outreach; drug intervention, prevention, treatment, and recovery; technology; training; and other community services. The Department's grant application model will focus on communities struggling to implement programs that address these issues. The act creates a 17-member Law Enforcement Community Services Grant Program Committee (which includes two legislators) to make recommendations to DOLA's Executive Director concerning which grants should be approved.

This program is subject to available appropriations from the newly created Law Enforcement Community Services Grant Program Fund. The fund consists of:

- any gifts, grants, or donations received by the Division of Local Government for this program;
- 25 percent of the proceeds from personal property that is seized a part of a criminal investigation; and
- any other money that the General Assembly may appropriate to the Fund.

DOLA is not required to implement this program until it receives "sufficient funds". The Legislative Council Staff Fiscal Note for H.B. 18-1020 estimated that $500,000 in revenue will be transferred to the Fund each year from civil forfeiture proceeds, and the first grant awards would be made in FY 2020-21. The Fund collected $493,790 between its inception on July 1, 2018 and October 1, 2020, which was significantly short of projected revenue. The Department has already hired an employee to get the program up and running, as $69,705 and 1.0 FTE was approved for FY 2019-20, increasing to $72,227 in FY 2020-21. The Department projects the LECS Grant Program Fund will have a balance of approximately $585,000 at the close of FY 2020-21, and that $200,000 is a reasonable amount to award in the first grant cycle while leaving some fund balance available for future cycles to account for the unpredictable funding stream.

ADDITIONAL INFORMATION:

The Department requested, and staff recommended, an increase of $200,000 to launch the inaugural cycle of the Law Enforcement Community Services Grant Program. The Committee tabled this item due to several concerns with the program:

- The LECS Grant Program Fund is accumulating money more slowly than predicted and may not adequate to administer a grant program on an efficient scale.
- Demand for this program is unknown.
- The grant program's administrative costs are too large compared to the amount of money that will be awarded annually.
- The statutorily required 17-person program committee is too large for the size of the program.

The Department made the following observations in response to the concerns raised:

- The pandemic may have shifted law enforcement agencies' priorities in a way that resulted in fewer seized assets and thinks seizure activity may increase in the coming year.
- There is less than three years' data on revenue accrual to the fund and it is hard to know yet what to reasonably expect as an annual average.
- The employee associated with this program spends approximately half of their time on the reporting requirements and database created by H.B. 17-1313.
- The Department thinks this program will be utilized; their preference would be to give it a chance to move forward as is.
- Reducing the committee's size would not eliminate the need for a full-time program administrator, but would reduce the overall effort associated with administering the program. However, it is important to note that the 17-member committee was unanimously recommended by the members of the 1313 Task Force.

Staff's original recommendation to approve $200,000 cash fund spending authority for the inaugural grant cycle remains unchanged. Staff does not recommend any statutory changes to this program through a JBC bill at this time.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee
FROM	Scott Thompson, JBC Staff (303-866-4957)
DATE	March 16, 2021
SUBJECT	Summary of OEDIT Programs with decisions items

On March 2, 2021, the Joint Budget Committee acted to reject the Staff Recommendation and Department Request for the Office of Economic Development and International Trade for two items: **R3 Continue One-Time Reductions** and **R4 Reprioritize Recovery Funding**. Since this action had the potential to compound annualization of prior year budget actions for some line items, JBC Staff wanted to provide the Committee with an update based on this action.

This memo provides a summary of recent appropriations, including changes made through balancing and through enactment of H.B. 20-1399. JBC Staff did not include programs/line items where the JBC Staff Recommendation and the JBC Action for FY 2021-22 do not differ.

Each table that follows summarizes recent appropriations by line item and compares the JBC Staff Recommendation and JBC Action to FY 2019-20 appropriations, prior to balancing actions taken by the Committee in FY 2020-21. After the summary tables, additional information about the Tourism Office, Advanced Industries, and the Office of Film, Television, and Media is provided by the Office of Economic Development and International Trade, which summarizes impacts of budget cuts.

JBC staff does not have any new recommendations for the Committee. If the Committee wishes to alter any of their decisions, a motion for the amount and source of funds for each line item likely provides the most transparency for those following remotely.

Tourism Office - Other Program Costs						
					Difference from FY 2019-20 Appropriation	
	FY 2019-20 Appropriation	FY 2020-21 Appropriation	FY 2021-22 Staff Rec	FY 2021-22 JBC Action	Staff Recommendation	JBC Action
General Fund	$4,000,000	$1,850,000	$10,528,000	$12,528,000	$6,528,000	8,528,000
Cash Funds	14,579,623	14,579,623	4,000,000	4,000,000	(10,579,623)	(10,579,623)
Total Funds	**$18,579,623**	**$16,429,623**	**$14,528,000**	**$16,528,000**	**($4,051,623)**	**(2,051,623)**

Advanced Industries						
					Difference from FY 2019-20 Appropriation	
	FY 2019-20 Appropriation	FY 2020-21 Appropriation	FY 2021-22 Staff Rec	FY 2021-22 JBC Action	Staff Recommendation	JBC Action
General Fund	$0	$10,398,000	$398,000	$474,000	$398,000	$474,000
Cash Funds	15,362,210	7,000,000	7,000,000	7,000,000	(8,362,210)	(8,362,210)
Total Funds	**$15,362,210**	**$17,398,000**	**$7,398,000**	**$7,474,000**	**($7,964,210)**	**($7,888,210)**

OFFICE OF FILM, TELEVISION, AND MEDIA						
					DIFFERENCE FROM FY 2019-20 APPROPRIATION	
	FY 2019-20 APPROPRIATION[1]	FY 2020-21 APPROPRIATION[1]	FY 2021-22 STAFF REC	FY 2021-22 JBC ACTION	STAFF RECOMMENDATION	JBC ACTION
General Fund	$750,000	$250,000	$560,331	$1,060,331	($189,669)	$310,331
Cash Funds	1,769,525	2,519,525	519,525	519,525	(1,250,000)	(1,250,000)
Total Funds	**$2,519,525**	**$2,769,525**	**$1,079,856**	**$1,579,856**	**($1,439,669)**	**($939,669)**

[1] Includes $1.25 million in FY 2019-20 and $2.0 million in FY 2020-21 allocated by the Economic Development Commission from its Strategic Fund

COUNCIL ON CREATIVE INDUSTRIES						
					DIFFERENCE FROM FY 2019-20 APPROPRIATION	
	FY 2019-20 APPROPRIATION	FY 2020-21 APPROPRIATION	FY 2021-22 STAFF REC	FY 2021-22 JBC ACTION	STAFF RECOMMENDATION	JBC ACTION
General Fund	$0	$8,726,000	$1,226,000	$1,226,000	$1,226,000	$1,226,000
Cash Funds	2,023,000	10,786	0	0	(2,023,000)	(2,023,000)
Federal Funds	765,734	765,734	765,734	765,734	0	0
Total Funds	**$2,788,734**	**$9,502,520**	**$1,991,734**	**$1,991,734**	**($797,000)**	**($797,000)**

GLOBAL BUSINESS DEVELOPMENT						
					DIFFERENCE FROM FY 2019-20 APPROPRIATION	
	FY 2019-20 APPROPRIATION[2]	FY 2020-21 APPROPRIATION	FY 2021-22 STAFF REC	FY 2021-22 JBC ACTION	STAFF RECOMMENDATION[2]	JBC ACTION[2]
General Fund	$4,216,948	$3,246,948	$3,726,948	$3,996,948	($490,000)	($220,000)
Cash Funds	573,626	573,626	573,626	573,626	0	0
Reappropriated Funds	175,000	175,000	175,000	175,000	0	0
Federal Funds	374,478	374,478	374,478	374,478	0	0
Total Funds	**$5,340,052**	**$4,370,052**	**$4,850,052**	**$5,120,052**	**($490,000)**	**($220,000)**

[2] The comparison between FY 2019-20 and FY 2020-21 is skewed by $220,000 total funds due to a transfer of that amount of General Fund to the Office of Outdoor Recreation line item, which was created in FY 2020-21.

OFFICE OF OUTDOOR RECREATION						
					DIFFERENCE FROM **FY 2020-21** APPROPRIATION	
	FY 2019-20 APPROPRIATION	FY 2020-21 APPROPRIATION	FY 2021-22 STAFF REC	FY 2021-22 JBC ACTION	STAFF RECOMMENDATION	JBC ACTION
General Fund	$0	$250,000	$220,000	$490,000	($30,000)	$240,000
Total Funds	**$0**	**$250,000**	**$220,000**	**$490,000**	**($30,000)**	**$240,000**

COLORADO FIRST CUSTOMIZED JOB TRAINING						
					DIFFERENCE FROM FY 2019-20 APPROPRIATION	
	FY 2019-20 APPROPRIATION	FY 2020-21 APPROPRIATION	FY 2021-22 STAFF REC	FY 2021-22 JBC ACTION	STAFF RECOMMENDATION	JBC ACTION
General Fund	$4,500,000	$3,500,000	$3,500,000	$4,500,000	($1,000,000)	$0
Total Funds	**$4,500,000**	**$3,500,000**	**$3,500,000**	**$4,500,000**	**($1,000,000)**	**$0**

DESTINATION DEVELOPMENT PROGRAM						
					DIFFERENCE FROM FY 2019-20 APPROPRIATION	
	FY 2019-20 APPROPRIATION	FY 2020-21 APPROPRIATION	FY 2021-22 STAFF REC	FY 2021-22 JBC ACTION	STAFF RECOMMENDATION	JBC ACTION
General Fund	$500,000	$600,000	$600,000	$1,100,000	$100,000	$600,000
Cash Funds	600,000	600,000	600,000	600,000	0	0
Total Funds	**$1,100,000**	**$1,200,000**	**$1,200,000**	**$1,700,000**	**$100,000**	**$600,000**

ADDITIONAL INFORMATION FROM THE OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Committee also requested additional information from the OEDIT regarding the impact of balancing decisions on programs. To assist the Committee in making its decision, that information is follows:

Background: In the 2020 legislative session, the General Assembly passed legislation (HB20-1399), which was initiated by the Joint Budget Committee, to eliminate the transfer of $23M in limited gaming revenue for two fiscal years, FY 2019-20 and FY 2020-21, to four of OEDIT's cash funds: 1) $15M for the Colorado Tourism Office, 2) $5.5M for the Advanced Industries Program, 3) $2M for Colorado Creative Industries, and 4) $0.5M for the Colorado Office of Film, TV & Media. That legislation also provided for direct General Fund appropriations for FY21 to partially offset the loss of gaming funds to those programs in the following amounts:

- Colorado Tourism Office:
  - Colorado Promotion - Colorado Welcome Centers: $500,000
  - Colorado Promotion - Other Program Costs: $8,678,000
  - Destination Development Program: $600,000
- Advanced Industries Program: $398,000
- Colorado Creative Industries: $1,226,000
- Colorado Office of Film, Television & Media: $310,331

For FY21, the affected programs received $12,150,000 in total General Fund but lost approximately $21,480,000 in gaming transfers for a **net loss of $9,330,000.** OEDIT is currently slated to receive the same level of General Fund for FY2021-22. As the gaming fund transfers resume at pre-pandemic levels they will be used to fund our departments in FY2022-23. The below provides information on the impacts of those lower levels of General Fund -- and how greater levels of General Fund would be prioritized.

Budget & Substantive Impacts of Gaming Reductions:

A. Colorado Tourism Office:

The below provides a full breakdown of the Colorado Tourism Office's (CTO) budget, including all three of their line items. The FY22 column assumes that the budget will receive the lower levels of General Fund (to offset the gaming suspension) for another year but also includes JBC's recent decisions in figure setting (to restore a total of $2.5M to the overall Tourism budget).

As a result of the gaming suspension but including recent restorations during figure setting, for FY 2021-22, CTO's budget will be **down $5,467,000**, or 27%, from pre-pandemic levels.

The reductions in FY 2020-21 triggered cutbacks across CTO programming:

- The international promotion program took the heaviest hit with a 76 percent cutback of $1.6 million. The remaining $500,000 is focused on maintaining awareness in three high-potential, high-spend overseas markets -- the UK, Germany and Australia -- and building "bookable product" for when overseas travel resumes.

- With the Colorado Tourism Board having identified domestic promotion as the top priority, promotional resources are being directed at driving recovery of the most stricken tourism sectors and regions. Promotion was also directed toward sharing important safety messages -- Five Steps to Responsible Travel, Winter Backcountry Safety, and a new anti-Superspreader campaign -- aimed at reducing transmission, injury and strain on public health resources.
- The Destination Development Program (which is supported through both the Destination Development line item and the Promotion line item) scaled back its FY21 offerings for the Colorado Rural Academy for Tourism, eliminated the Tourism Development Grant program, and rolled back funding for Marketing Matching Grants to FY15 levels.
- Additional savings were achieved by eliminating certain promotional products, including but not limited to the fall issue of "Love, Colorado" and printing 100,000 fewer Official State Vacation Guides; eliminating sponsorships of events (typically used to help local communities leverage more outside funding for events); and reducing promotion contractor fees significantly.

CTO is currently in the process of budget planning for FY22, and much depends on the final appropriation, but some priorities include funding a fall campaign to capture travelers who have delayed plans until late summer/early fall. (Historically, CTO has not been funded for a fall campaign, but fielded an in-state only campaign last fall with strong results.) Another top priority is reinvigorating (and restoring to the extent possible) the international promotion program, including a winter campaign to rebuild Colorado's lost market share of international ski travelers.

B. Advanced Industries Program:

As a reminder, the Advanced Industries (AI) grant program is paid for via two different cash fund transfers, including gaming. The below provides a breakdown of the AI budget, and the FY22 column includes the one-time infusion of $10,000,000 for the AI program that was recently passed via SB21-042 and will roll over to FY22.

As a result of the recently passed $10,000,000 infusion, the FY22 AI budget will be **up at least $2,000,000** from pre-pandemic levels, despite the gaming suspension. Note that the non-gaming cash fund source typically ranges between $4-7M annually, and the budget in the Advanced Industries long bill line item is informational only. This informational spending authority figure is based on the historical $5.5M gaming infusion and typical $4-7M non-gaming cash fund source; because the gaming infusion was replaced with $398,000 in General Fund, and given that the other non-gaming cash fund source will likely not vary significantly from that $4-7M range, the supplemental funding will actually result in closer to **an increase of $5,000,000** for FY22's budget**.**

C. Colorado Creative Industries:

The below provides a breakdown of the Colorado Creative Industries' (CCI) budget. The FY22 column assumes that the budget will receive the lower levels of General Fund (to offset the gaming suspension).

As a result of the gaming suspension, for FY22, CCI's budget will be down **$797,000**, or 39%, from pre-pandemic levels.

The reductions in FY21 triggered cutbacks across CCI programming, all of which are expected to continue in FY22:

- Suspended numerous programs, including Space to Create funding for affordable live/work space in rural communities, Career Advancement support for small business entrepreneurs, the Change Leader training program that provides leadership training and creates a statewide network of creative industry career professionals, the Creative Forces program for military members and their families in El Paso County, the Annual Statewide Summit, Arts in Society social impact grants, scholarships for creative businesses to participate in SBDC Leading Edge training, and Creative Response grants for certifying Change Leaders.
- Significantly reduced other programs, including 30% reduction in grants to non-profit arts organizations, 33% reduction in funding for arts education, 50% reduction in funding for creative districts, 78% reduction in funds economic impact of COVID on arts and culture research.

With any degree of restored funding, CCI would prioritize restoration of Space to Create program, Creative District grants, Arts in Society grants which are specifically targeted at rural areas of the state, and Career Advancement support for small business entrepreneurs.

D. Colorado Office of Film, Television & Media:

The below provides a breakdown of funding for the Colorado Office of Film, Television & Media (COFTM) for its non-incentive programming and operations budget. Both the incentive budget and other programming are funded under the COFTM line item, but the incentive funding has been left out of the below table for clarity. The FY22 column assumes that the budget will receive the lower levels of General Fund (to offset the gaming suspension).

As a result of the gaming suspension, for FY22, COFTM's non-incentive programming and operations budget will be down **$209,194**, or 40%, from pre-pandemic levels.

The reductions in FY21 triggered cutbacks across COFTM programming, all of which are expected to continue in FY22:

- Suspended/reduced financial support for educational, social impact, and industry programs, including documentary production grants for university students; production grants for social impact public service announcements and documentaries; the Ute Mountain Ute Summer Workshop, which recently won a ; the Screenplay Review Program; the Rural Technical Assistance Program; and youth scholarships for summer film programs.
- Suspended financial support for over forty film festivals. Film festivals are important to local (and mostly rural) tourism economies and most festivals are struggling from lost ticket revenues and advertising revenues from restaurants and hotels. Very small sponsorships from COFTM help these communities leverage much greater amounts from private sources.
- Reduced FTEs from three to two (attrition allowed division to avoid lay-off), eliminating the Program Manager position. This has resulted in a significantly increased workload for both the Deputy Film Commissioner and the Film Commissioner.

With any degree of restored funding, COFTM could leverage hundreds of thousands of outside, private dollars to 1) produce social impact films, provide unique scholarship opportunities, and conduct workshops for students and professionals and 2) restore some financial support for some of Colorado's hardest hit film festivals.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee
FROM	Scott Thompson, JBC Staff (303-866-4957)
DATE	March 16, 2021
SUBJECT	Information requested from OEDIT describing differences between Colorado First Customized Job Training and CDLE's Workforce Development

On March 2, 2021, the Committee too action to set the Colorado First Customized Job Training line item in the Office of Economic Development and International Trade (OEDIT). Before the vote, members of the Committee requested information from OEDIT to distinguish the Customized Job Training with the Workforce Development Program operated by the Department of Labor and Employment. The following table summarizes recent appropriations, JBC Staff recommendation, and the JBC Action. Following the table is information provided by OEDIT.

Colorado First Customized Job Training						
					Difference from FY 2019-20 Appropriation	
	FY 2019-20 Appropriation	FY 2020-21 Appropriation	FY 2021-22 Staff Rec	FY 2021-22 JBC Action	Staff Recommendation	JBC Action
General Fund	$4,500,000	$3,500,000	$3,500,000	$4,500,000	($1,000,000)	$0
Total Funds	**$4,500,000**	**$3,500,000**	**$3,500,000**	**$4,500,000**	**($1,000,000)**	**$0**

The below is provided in response to the Joint Budget Committee's request for more information on the relationship between the Office of Economic Development & International Trade's (OEDIT) Colorado First & Existing Industry Grant Program (CFEI) and the Colorado Department of Labor & Employment (CDLE) recent supplemental request for $25,000,000 to provide upskilling and other training services to Colorado jobseekers. The biggest difference between these two efforts is the clients the programs aim to serve. CFEI provides *up-skilling* services to businesses that need to retrain existing employees or as part of the onboarding process for new employees, thereby providing a benefit to both the business itself and their employees; whereas CDLE's related efforts provide *re-skilling* services to unemployed Coloradans. Therefore, the two efforts are not competing; rather they are complementary.

Up-skilling versus Re-skilling: While there is some nuance not captured below, the following definitions broadly describe how OEDIT and CDLE view the goals of their respective programs:

- Up-skilling supports incumbent workers and individuals in evolving industries, and most often is done through an employer as a key partner. Roles may be experiencing added automation or technological advances that require different technical skills. This approach prevents layoffs and likely opens up new entry-level jobs throughout the state as individuals move up in their industry.
- Re-skilling focuses on individuals who need to or want to change industries as they return to work. It includes technical training for new positions and new careers, and includes entrepreneurial training for those who may wish to pursue self employment and business ownership.

Summary of CFEI: The CFEI program offers grants to businesses of all sizes and across the State to provide customized training to their employees. This program is administered through OEDIT and the Colorado Community College System (CCCS), in conjunction with local community colleges. CFEI is also used frequently as part of an incentive package to recruit and retain businesses into Colorado, and, in this sense, it directly generates money for the General Fund by increasing state sales and income taxes. This program is one of the few job retention incentives for existing employees that OEDIT has.

Fiscal Year	Expenditures	Companies Participating	Employees Trained
2016-17	$4,465,175	123	4,198
2017-18	$4,615,313	101	4,113
2018-19	$4,248,068	71	3,984

The CFEI program has allowed Colorado to address several strategic challenges and to take advantage of opportunities that are difficult to address with other economic development tools. A few of those are described below:

- Attracting/Retaining Skilled Workers: One of the challenges that companies and economic developers face in the current Colorado economy is the difficulty in attracting and especially retaining skilled workers, and the CFEI program is the only OEDIT program that directly addresses the challenge of worker training for the business itself. For instance, the CFEI program has provided funding in excess of $3.4 million over more than a decade to Vestas for their ongoing need for retraining existing workers every 4 or 5 years as technology changes and re-tooling occurs. This support benefits the employees as well. In FY20, OEDIT found that employee participants in CFEI experienced between a 1.7 and 4.1% average hourly wage increase.
- Supporting Rural Companies. Since 2006, approximately 23% of the participating companies and employees trained have been from rural counties.
- Valuable Recruiting and Retention Tool: OEDIT often incorporates CFEI as part of a package of incentives for companies that are strategic partners in the Colorado economy, that are considering Colorado for expansion, or that are a retention risk. In addition to Vestas, other strategic companies that have received this training to promote their growth and retention in Colorado include Arrow Electronics, Ball Aerospace & Technologies, CH2M HILL, CoorsTek, Evraz Pueblo, Frontier Airlines, GH Phipps Construction, Intrex Aerospace, Leprino Foods, Lockheed Martin, Logrhythm, Panasonic of North America, S.A. Robotics, Sierra Nevada Corporation, Terumo BCT, United Launch Alliance, and Wolf Robotics.
- Support for Small Businesses: In addition to providing support for larger employers at risk of leaving Colorado, the program has also supported a number of smaller companies, particularly those in manufacturing, including OtterBox, Crown Seating, Wren Industries, Trelleborg Sealing, T.A. Pelsue, Wolf Robotics, Unicircuit, and Special Aerospace.
- Necessary for Competition: CFEI is also critical to maintaining Colorado's competitiveness with neighboring states in attracting and retaining large employers, as many of these states have similar programs. For instance, in FY18, New Mexico approved $15.3 million in funding for their Job Training Incentive Program. Arizona offered an estimated $11 million for new employee training grants in FY19.

Summary of CDLE Supplemental Request: CDLE recently sought a one-time investment of $25,000,000 to provide immediate assistance to 6,000 Coloradans seeking to re-skill and/or complete an industry-recognized credential in the next two years. The Department, in collaboration with the Colorado Workforce Development Council (CWDC), will distribute funds to local workforce centers across the state to offset the cost of training programs and support services for jobseekers. Along with the companion request from the Department of Higher Education to invest additional funding in postsecondary education opportunities for displaced workers, this request seeks to kickstart Colorado's economic recovery through a targeted approach to training, reskilling, and upskilling so that Coloradans affected by the pandemic can connect to living wage jobs in growing industries.

Unlike CFEI, CDLE's request is aimed at primarily supporting Coloradans who don't currently have jobs with re-skilling training. This is a critical endeavor right now, as the State is facing record unemployment rates. CFEI, on the other hand, is aimed at supporting existing Colorado *businesses* and their *existing employees* to ensure those businesses stay in Colorado, continue to employ Coloradans, and -- in the meantime -- provide those employees with upskilling training that will serve them in their longer-term careers.

CFEI Budget & COVID-19: Prior to the pandemic, CFEI's budget had been at $4.5 million for several fiscal years. In an effort to defend against other proposed reductions in the FY21 cycle, OEDIT proposed a temporary $1 million reduction to CFEI, bringing the FY21 budget to $3.5 million. In FY20, many businesses' planned CFEI trainings had to be cancelled or downsized due to the pandemic. Those businesses exercised CFEI COVID-19 Relief Measures, allowing them to recapture unused FY20 funding in FY21 grants totaling $470,000, a necessary buffer to the lower FY21 $3.5 million budget. The buffer will not be available for FY22 grants. Given what OEDIT and CCCS know about historical and recent increased demand, the lower $3.5 million amount for FY22 will necessitate that some businesses be turned away. Based on prior year recipient information, OEDIT anticipates that it could serve an estimated 18 fewer companies and 972 fewer employees than it has in previous years.

In addition to the unique benefits of CFEI outlined above, the CFEI program could be of particular benefit to both employers and employees in the longer-term aftermath of COVID-19. When the economy does eventually recover, new skills and industries may emerge or be required. In anticipation of this, the State needs to strategize about how to retrain workers and ensure they develop job skills that will support them and Colorado's future economic development in a changed landscape. This might include, for example, retraining warehouse distribution center workers to use new technology or implement lean process improvements to handle higher demand for certain products due to COVID or to retrain food or beverage service workers who are not needed in the hospitality sector to work in a distribution center or other new environment which requires certain software or technology skills to perform their new roles.

OEDIT and CCCS have already seen how CFEI can benefit businesses impacted by COVID-19 -- for example, MH Companies, a Denver wholesaler, is transitioning from an external salesperson-based sales strategy to an internal-sales model. They received a CFEI grant to assist in this transition. And Birko Corporation, a food safety company in Henderson, received training funds to address issues in food safety that were driven by the pandemic.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Mitch Burmeister, JBC Staff (303-866-3147)
DATE	March 18, 2021
SUBJECT	Unclaimed Property Trust Fund

In the figure setting recommendation presentation for the Department of Health Care Policy and Financing, the Committee inquired about the sustainability of the Unclaimed Property Trust Fund and the suitability of using the fund for purposes other than managing unclaimed property. The questions were asked in the context of transfers to the Adult Dental Cash Fund.

BACKGROUND

Pursuant to Section 38-13-801, C.R.S., the principle of the Unclaimed Property Trust Fund (UPTF) consists of all money received by the state treasurer from sales of unclaimed property. A full list of property qualifying as unclaimed can be found in Section 38-13-201, C.R.S. When the State Treasurer sells this property, the proceeds are saved as principle in the Unclaimed Property Trust Fund, and any interest earned on those proceeds remains in the fund. There is no General Fund reversion of any money in the fund.

CURRENT STATUS

The UPTF is an interesting fund because it cannot be thought of in the traditional sense of a fund with expected revenue and expenditure growth. This being said, the fund's year-end balance has grown every year since FY 2010-11 with the exception of FY 2011-12 and FY 2015-16. Further, the expenditures out of the fund are largely a factor of the General Assembly appropriating money to outside programs. The Unclaimed Property Program itself has required an average of only $2.4 million per year from the fund since FY 2010-11. Due to the nature of how money is appropriated from the fund, there are wild fluctuations in the level of expenditure from year to year. Yearly revenue does not change as much as expenditure, but it is also not subject to traditional forces of revenue growth. The fund's revenue is dependent on how much unclaimed property the Department sells in a year, how much property is claimed and paid out to its rightful owners, and how much interest the principle in the fund earns.

With all of this in mind, the following table provides a ten-year history of the fund's revenue, expenditure, and beginning and ending balances.

UPTF FUND BALANCE				
YEAR	BEGINNING BALANCE	TOTAL REVENUE	TOTAL EXPENDITURES	END BALANCE
FY 2010-11	$103,841,203	$57,387,179	$55,538,379	$105,690,003
FY 2011-12	105,690,003	66,632,745	67,465,226	104,857,522
FY 2012-13	104,857,522	75,793,995	56,175,377	124,476,139
FY2013-14	124,476,139	74,199,870	30,644,695	168,031,314
FY 2014-15	168,031,314	72,898,259	51,950,082	188,979,491
FY 2015-16	188,979,491	84,399,523	102,680,245	170,698,770
FY 2016-17	170,698,770	92,071,235	23,967,071	238,802,934
FY 2017-18	238,802,934	113,549,878	60,300,413	292,052,399
FY 2018-19	292,052,399	101,122,255	54,262,333	338,912,320
FY 2019-20	338,912,320	106,793,300	44,930,168	400,775,455

The above table does not include transfers to the General Fund from HB 20-1381 or HB 20-1361, or any transfers to the Housing Development Grant Fund via HB 19-1322. Transfers to the General Fund in FY 2020-21 so far total $44,139,402 while the transfer to the Housing Development Grant Fund will be any amount up to $30 million, depending on the June revenue forecast. Staff has included these here because they are partially known amounts that are already dedicated to purposes other than unclaimed property in FY 2020-21 and contribute to the fund's expenses.

In FY 2020-21, expenditures from the fund other than for fund management and payment of claims included a $30 million transfer to the General Fund as a result of SB 19-261 and a $16 million transfer to the Adult Dental Fund. Of these, only the transfer to the Adult Dental Fund is ongoing. The following table details recent expenditure from the fund as a result of legislation.

RECENT EXPENDITURES		
YEAR	LEGISLATION	AMOUNT
FY 2019-20	SB 19-261	$30,000,000
	SB 13-242[a]	$16,026,051
Subtotal		**$46,026,051**
FY 2020-21	HB 20-1381	$43,000,000
	HB 20-1361	$1,139,402
	HB 19-1322	$30,000,000[b]
Subtotal		**$74,139,402**
Total		**$120,165,453**

[a]Adult Dental Benefit
[b]Transfer out of UPTF can be *up to* this amount

Another aspect to consider regarding the UPTF is the unfunded liability. The table below details a ten-year history of this liability.

UNFUNDED LIABILITY	
YEAR	AMOUNT
FY 2010-11	$345,309,997
FY 2011-12	383,142,478
FY 2012-13	417,523,861
FY 2013-14	419,968,686
FY 2014-15	440,020,509
FY 2015-16	514,301,230
FY 2016-17	514,197,066
FY 2017-18	544,947,602
FY 2018-19	557,087,680
FY 2019-20	555,224,545

Whenever money is appropriated to outside programs, the unfunded liability builds. According to a 2018 staff memo on the UPTF, the Adult Dental Benefit is the primary diver of this liability. As more money is spent from the fund, the greater the chance that one day the Department will not have funds to return property to a claimant, unless that money is paid back to the fund.

Currently, while the fund has approximately $400 million in net assets, including $166 million cash reserves, there is an unfunded liability of over $550 million that the Department could one day be responsible for.

SUITABILITY OF USING THE FUND

The question of the suitability of using the money in the UPTF to fund outside programs is multifaceted and difficult. On one side, there is a belief that this is not the State's money to use as it pleases. It is property that belongs to individuals, and so by using the money, the State is using funds that it should not have the authority to spend. On the other side of this, there is a belief that even though the money does not belong to the State, it can still be used as long as it is paid back. One problem with the latter view is that there is currently a large amount that needs to be paid back, but the General Assembly has no plan to do so.

There is also the issue of property that will never be claimed. There is a certain percentage of property that will be in the fund forever, and so could be used by the State for other purposes. Staff does not know this percentage or even the best way to find this percentage, but previous JBC staff have in the past raised a few different ideas on the best method to estimate how and when to declare property 'unclaimable'. Staff believes that under the right parameters, money could be appropriated from the fund that would not have to be paid back because of a reasonably certain expectation that the property would never be claimed in the first place.

The biggest reason for staff's reluctance to continue to allow the unfunded liability to grow through the General Assembly's appropriations to outside programs is the uncertainty of both the revenue and expenditures of the fund. A program that uses funding from the UPTF and grows on a yearly basis runs the risk of becoming too large for the fund to handle, restricting the ability of the Department to pay out legitimate claims to the owners of property. Additionally, if more ongoing appropriations are made out of the fund, it will decrease the ability of the General Assembly to use the fund in emergencies such as we saw in 2020. Without the possibility to use the fund in times of emergency, more drastic cuts to essential programs will be needed elsewhere. Finally, if for some reason the Department cannot or does not sell any unclaimed property in a year or even over several years, the fund's revenue will not be sufficient to cover the appropriations out of the fund. This will of course diminish the fund's cash reserves, and could result in a situation where there is not enough money in the fund to support the requirements of ongoing appropriations.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Andrew Forbes, JBC Staff (303-866-2062)
DATE	March 18, 2021
SUBJECT	Hemp Enforcement FTE Comeback

During Staff's figure setting presentation for the Department of Agriculture on February 24th, 2021 the Committee requested more information on the Department's R-02: Industrial Hemp Enforcement FTE request. Below is staff's original write up as well as additional information obtained since the presentation.

➔ R-02 INDUSTRIAL HEMP ENFORCEMENT FTE

REQUEST: The Department requests $95,189 total funds, including $87,826 cash funds from the Industrial Hemp Registration Program Cash Fund, and 1.0 FTE in FY 2021-22 to hire a Hemp Enforcement Specialist. The request annualizes to $93,543 total funds and 1.0 FTE in FY 2022-23.

RECOMMENDATION: **Staff recommends approving the Department request, with the modification of excluding centrally appropriated line items.** The recommendation includes an increase of $79,869 total funds including $72,506 cash funds from the Industrial Hemp Registration Program Cash Fund and $7,363 reappropriated funds for FY 2021-22. This decision item annualizes to $93,544 total funds in FY 2022-23, when the centrally appropriated line items will be annualized back into the request.

ANALYSIS: The 2018 Agricultural Improvement Act, also known as the Farm Bill, directed the United States Department of Agriculture (USDA) to establish a national regulatory framework for domestic hemp production, which it did through the Interim Final Rule (IFR) published on October 31, 2019. The IFR directed the Colorado Department of Agriculture to, among other things, increase the testing of hemp crops produced within the state for tetrahydrocannabinol (THC) to 100 percent, up from the current testing rate of 36 percent. While the initial rule directed this increase in testing to be complied with by October 30th, 2020, that compliance date was pushed back to October 1st, 2021 as a result of a continuing resolution. Other notable requirements of the IFR include:

- Requirements to maintain records and to report to the USDA on the number and status of licensed hemp producers, to submit an electronic report to USDA, to share real time laboratory test results with growers and with the USDA, and to document, track, and share any enforcement actions.
- Requirements to share real-time information on hemp registrants with federal and local law enforcement agencies.
- Procedural requirements in the State Plan to notify the USDA of any non-compliant plants and disposal of those plants.
- State Plan procedures for addressing felonies that provide for a 10-year restriction on industrial hemp production for persons with a State or Federal felony conviction relating to a controlled substance.
- Requirements that any laboratories testing hemp samples for THC levels are Drug Enforcement Agency (DEA) registered.

The Department of Agriculture regulates the cultivation of industrial hemp authorized through Title 35, Article 61 C.R.S. The Department established its industrial hemp program in 2015 and is responsible for creating the first certified seed program in the nation. Between FY 2016-17 and FY 2017-18, the Department saw a 104 percent growth in registrations of hemp producers, with an additional 159 percent increase between FY 2017-18 and FY 2018-19. Through FY 2019-20 the number of registrations have decreased by 50 percent, a likely result of the current economic downturn and related COVID pandemic. Notably, the Department does not have jurisdiction over the processing, sale, or distribution of industrial hemp. That oversight is provided by CDPHE, pursuant to Section 35-61-108, C.R.S.

Registration fees are assessed by the Department by acreage and/or indoor square feet, pursuant to 35-61-106 (2) C.R.S., and are deposited in the Industrial Hemp Registration Program (Hemp Program) Cash Fund. Revenue from these fees is permitted to be spent on direct and indirect costs associated with implementing an industrial hemp program (Section 35-61-106(1), C.R.S.).

The Department tests samples of hemp from producers for THC content before harvest, as established by rule by the Department to verify it does not exceed 0.3 percent THC. In 2020, the Department sampled crops from approximately 36 percent of the 1,484 registered hemp producing areas registered at the time. The Department tests these samples in its laboratory facilities in Broomfield, CO. Currently, the Department is working with the Attorney General's Office with enforcement of 103 violations of crops above the allowable THC percentage limit in FY 2019-20 with an estimated 22 percent of crops tested. The Department has identified at least 311 violations in FY 2019-20 of failure to submit required reports.

During the 2020 legislative session the Department requested, and was approved for, an additional $558,253 from the Industrial Hemp Cash Fund to comply with the increased regulatory duties resulting from the IFR. Of this approved amount $372,174 was specifically to address the increased need for testing of hemp crops by:

- Requiring hemp producers to work with Department approved external inspectors and labs in order to process THC test in quantities beyond that of the Departments internal lab. 1.0 FTE was hired in order to develop and maintain rules and regulations relating to external inspections and testing, as well as maintaining a database of approved inspectors and disseminating information to hemp producers. In addition, 2.0 FTE were hired to travel across the state developing quality assurance metrics, conducting lab inspections, and developing a lab certification program in coordination with CDPHE.
- Hiring 4.0 temporary staff during the harvest season to test 10 to 20 percent of hemp samples to ensure the accuracy of external lab testing.

The request included in the FY 2021-22 budget submission includes $95,189 in total funds and 1.0 FTE to add a Hemp Enforcement Specialist to investigate complaints, issue warnings, and initiate other enforcement actions against producers in violation of hemp rules and regulations, which are expected to increase with the increased testing standards created by the IFR. Primary responsibilities would include enforcing the disposal of non-compliant products and verifying their destruction, issuing enforcement letters, working with the Office of Attorney General to issue stipulations or other enforcement actions and to provide guidance to field staff during investigations of complaints and potential violations.

Currently the Department does not have any resources or FTE that are dedicated strictly to enforcement. The cumulative total of FTE that works on enforcement related activities equates to about 0.75 FTE. Given that the current amount of enforcement needs stem from the Department testing about a third of hemp producing areas, the increase to 100% testing could result in the need for more than the 1.0 FTE requested. The Department has indicated that last year's policy change of moving testing to the private sector would free up Department staff and that the Department can absorb additional enforcement requirements through existing resources.

➔ INFORMATION PROVIDED BY CDA IN RESPONSE TO JBC QUESTIONS

Members expressed concern with not just the requested appropriation for an additional FTE, but the Industrial Hemp Program overall, and how the Department operates the program both before and after the adoption of the USDA's adoption of the Interim Final Rule (IFR). Questions arose around the interaction with the Certified Seed Program, the penalties for out of compliance crops, as well as equitable testing and enforcement. The questions posed to the Department, and their responses, have been included below.

How does the Department incorporate the use of certified seed in the hemp program? CDA has administered the certified seed program for hemp since 2014, conducting seed germination trials and providing proven genetically reliable varieties for the hemp industry. In 2021, the seed trial will be transitioned to CSU; however, CDA retains its authority to provide regulatory oversight and enforcement of the Seed Act. This role primarily includes regulating the distribution and use of poor quality seed through regulation of the labeling, labelers and the sellers of seed for propagation. CDA has plans to incorporate certified seed in its State Plan to be submitted to USDA for approval this year. USDA has provided allowance for performance based sampling that may include flexibility for producers using certified seed, clones and microgreens where the plants do not grow to maturity.

Given that testing is less than 40%, how does the Department determine where to test?
Industrial Hemp Rules allows CDA to take samples up to 100% of registered land area. However, due to limited capacity to collect samples, test and report within the 30 day period CDA has adopted a random and risk approach in selecting fields for THC sampling. The entire population is randomly selected and producers with non-compliant hemp or other violations are selected the following year to ensure that they have come into compliance. Producers with compliant hemp or no violations are considered lower risk and may not be selected for testing as often.

How far above the limit were the 106 violations from last year?
In 2019, from a total of 590 samples tested, 99 samples, or 17%, were found above the allowable 0.3% THC limit along with a handful of other violations for failing to register prior to planting. In 2020 there were 67 samples that tested higher than the 0.3% allowable limit. For detail on how far over the limit these samples were, please see the following table for detail on hemp testing results. The increased

number of samples with a high THC level in 2020 is largely attributed to CDA working more closely with law enforcement to target compliance testing.

THC PERCENTAGES IN TESTED HEMP SAMPLES		
PERCENT THC	2019 NUMBER OF SAMPLES IN THE IDENTIFIED RANGE	2020 NUMBER OF SAMPLES IN THE IDENTIFIED RANGE
Between 0.41% and 0.5%	48	29
Between 0.51% and 0.99%	40	15
Greater than or equal to 1% THC, less than 3%	11	23
Total	**99**	**67**

Explain how the enforcement process currently works? Members have heard about unequal enforcement, certain producers receiving more attention than others, when a fine vs warning vs crop disposal is required. Please speak to the Department's enforcement policy (prior to the IFR) in terms of how punishments are allocated and how hemp producers are selected for testing.

CDA has gradually increased its enforcement of all violations based on the severity and available resources including;

- failure to file planting and harvest reports
- producing non-compliant hemp above allowable THC level
- moving non-compliant hemp outside of registered land area and
- failure to document destruction of non-compliant hemp

Due to lack of resources and inability to electronically capture registration and test data the program was not as effective in enforcing the rules until 2019. CDA has developed an enforcement matrix (included at the bottom of this document) outlining actions based on egregiousness and repeated violations ranging from written warnings to civil penalties up to $1,500 per violation. More egregious violations include providing false information, failure to cooperate with the Department in collection of samples, planting prior to obtaining a registration, and exceeding the allowable THC limit. The majority of producers who exceed the THC limit receive a waiver from discipline if they submit a waiver request to the Department according to the rules and provide documentation of crop destruction for the noncompliant crop.

Are fines set at certain levels for number of violations? Are warnings always given first?

Yes, the enforcement matrix takes into account mitigating and aggravating factors. Often written warnings are provided and the Department provides proactive guidance to help producers comply with rules and regulations. Official warnings are not given in the more egregious violations; however, some are dismissed based on information or evidence provided by the producer.

Are producers responsible for their own testing and crop disposal?

Currently, producers are responsible for inspection and testing fees that must be conducted by the Department. They are also responsible for disposal of their crop. The grower has to get an approval of disposal method and upon completion need to submit evidence of disposal to the Department.

How does intent fit into how the department issues discipline?
Producers who do not exceed a negligent level of THC (above 1%) have discipline waived in the majority of instances. Culpable violations such as providing false information and not cooperating with the Department are dealt with higher civil penalties; however, CDA has not sought the maximum $2,500 penalty to date and has considered mitigating factors instead.

What happens to registrants whose hemp tests above the THC limits? Does the whole field have to be destroyed or only parts?
Producers whose plants exceed the allowable THC limit up to 1% must destroy the specific "lot" or variety that was tested. Producers that exceed 1% THC are reported to law enforcement and CDPHE. Currently, CDA only samples from 1 or 2 fields or greenhouses representing the entire field based on historical performance of certain varieties. If the test comes above the THC limit the producer does have to destroy the entire crop the sample represents.

How does CDA incorporate the use of certified seed in the hemp program?
The use of certified seed minimizes the risk of farmers from growing non-compliant hemp and thus avoids the risk of crop getting destroyed. The USDA Final Rule allows the use of performance based sampling giving the opportunity for states to minimize the number of samples that will directly reduce testing cost. When the varieties show consistent low THC through the performance based sampling principles the state can further reduce the frequency and intensity of sampling that would benefit the grower and minimize the risk of crop destruction. This means that producers who use certified seed will not be held to the same frequency of testing that more risky varieties or cultivars may present.

Where does the Department see the program going with regard to THC testing? How does CDA plan on implementing the testing program to be compliant with USDA IFR?
CDA is developing a certified sampler program to allow approved sampling agents to collect samples from all required lots as the USDA is requiring 100% testing by January 1, 2022. CDA is working collaboratively with CDPHE to have additional labs approved for testing to meet the demand.

Explain how the enforcement process will work under the new rules?
USDA will require the State to implement corrective action plans for producers with negligent violations. Growers having 3 violations within a five year period shall be ineligible to produce hemp. These include failure to provide a legal description of hemp location, failure to obtain a license and growing hemp greater than 1% THC. Culpable or greater than negligent violations will be required to be reported to the U.S. General Attorney and the chief law enforcement of the state. Culpable violators will not be offered a corrective action plan or to participate in the hemp program.

Is a new enforcement specialist and the current approach to testing the right way to approach the testing issue?
Yes, the USDA Final Rule requires 100% testing of all hemp lots beginning in 2022 and CDA must ensure that we have the resources necessary to carry out the State Plan. In addition to testing all lots,

the State Plan must ensure that a random group of producers is selected for compliance inspections to verify compliance with the rules through an audit of their documents. The new enforcement specialist will help achieve this and support the additional enforcement work that will result by increased testing 4-5 fold and the audit. This work could not be absorbed within existing resources nor would it be appropriate to outsource.

Are we asking for what we need to implement the overall USDA FR in a thoughtful way? How much of this program is racing to catch up with the USDA requirements vs how much is to actually implement the department's vision for the program?
As one of the pioneer states, we are at the forefront of regulating hemp in the nation. We have been continuously updating our statutes and rules to capture the lessons learned and to reflect the experience gained. Colorado, along with other industry partners, has strongly argued against various provisions of the IFR we felt were overly burdensome to the industry in the two rounds of comments. The USDA has thoughtfully accepted several of them which are incorporated into the Final Rule. CDA's program is fairly well aligned with the Federal requirements.

One of the prominent issues that require further work is the remediation of non-compliant hemp. Now that producers may request additional sampling if their crop tests higher than the limit, we should embrace the opportunity to allow them to remediate their crop. This is a much better option than requiring growers to destroy crops and reduces risk but will require additional enforcement resources to carry out a remediation program. Achieving 100% testing for the largest hemp program in the nation, as required, while implementing remediation options requires additional resources.

➔ APPENDIX A: HEMP ENFORCEMENT MATRIX

Monetary and Probationary Settlement Guidelines
for *Commercial Industrial Hemp* Registrants
Industrial Hemp Regulatory Program Act
§ 35-61-107, C.R.S. and 8 CCR 1203-23, Part 6

Category	**1**	**2**	**3**	**4**	**5**			**6**
Type of Violation	Refusal or failure to fully cooperate/assist the Dept with all aspects of the administration and enforcement . . . including the application, registration, reporting, inspection and sampling, and waiver processes	Failure to provide any information required or requested by the Commissioner	Providing false, misleading, or incorrect information . . . including but not limited to information provided in any application form, report, record or inspection required or maintained	Failure to provide any required report in accordance with Part 3	Growing Cannabis that when tested is shown to have a delta-9 THC concentration greater than 0.3% on a dry weight basis			Failure to pay fees assessed by the Commissioner for inspection or laboratory analysis costs
Actual violation	1a	1a	1b	1a	1a			1a
Presumptive Fine per Violation and Abeyance Period	Presumptive: $2500 Active: $1500 Abeyance: 1 year	Presumptive: $2500 Active: $1500 Abeyance: 1 year	Presumptive: $2500 Active: $1500 Abeyance: 1 year	Presumptive: $2500 Active: $500 Abeyance: 1 year	Waiver Active: $0 Destroy crop Abey: 1 yr	Failed to request waiver from discipline Presumpt: $2500 Active: $1000 Destroy crop Abey: 1 yr	Entered stream of commerce Presumpt: $2500 Active: $1000 Report to law enforcement and CDPHE Abey: 1 yr	Presumptive: $2500 Active: $500 Abeyance: 1 year
Enforcement Action	Stip	Stip	Stip	Stip	None	Stip	Stip	Stip

Edited February 11, 2020

Monetary and Probationary Settlement Guidelines
for *Research and Development Hemp* Registrants
Industrial Hemp Regulatory Program Act
§ 35-61-107, C.R.S. and 8 CCR 1203-23, Part 6

Category	**1**	**2**	**3**	**4**	**5**			**6**
Type of Violation	Refusal or failure to fully cooperate/assist the Dept with all aspects of the administration and enforcement . . . including the application, registration, reporting, inspection and sampling, and waiver processes	Failure to provide any information required or requested by the Commissioner	Providing false, misleading, or incorrect information . . . including but not limited to information provided in any application form, report, record or inspection required or maintained	Failure to provide any required report in accordance with Part	Growing Cannabis that when tested is shown to have a delta-9 THC concentration greater than 0.3% on a dry weight basis			Failure to pay fees assessed by the Commissioner for inspection or laboratory analysis costs
Actual violation	1a	1a	1b	1a	1a			1a
Presumptive Fine per Violation and Abeyance Period	Presumptive: $2500 Active: $1500 Abeyance: 1 yr	Presumptive: $2500 Active: $1500 Abeyance: 1 yr	Presumptive: $2500 Active: $1500 Abeyance: 1 yr	Presumptive: $2500 Active: $500 Abeyance: 1 yr	Waiver	Failed to request waiver from discipline	Entered stream of commerce	Presumptive: $2500 Active: $500 Abeyance: 1 year
					Active: $0 Destroy crop Abey: 1 yr	Presumpt: $2500 Active: $1000 Destroy crop Abey: 1 yr	Presumpt: $2500 Active: $1000 Report to law enforcement and CDPHE Abey: 1 yr	
Enforcement Action	Stip	Stip	Stip	Stip	None	Stip	Stip	Stip

Settlement Guideline Instructions

All violations will receive an enforcement action according to the appropriate matrix and any issued policies concerning penalties.

I. A civil penalty of up to $2500 will be the amount imposed for each violation, taking into account any aggravating or mitigating factors.

II. The presumptive active fine will be the baseline when calculating the amount of the active fine. Violations related to the complaint will begin at the baseline presumptive fine.

III. If a violation is found in the course of an investigation that is not related to the complaint, appropriate enforcement action will be determined by the severity of the violation.

IV. The Department may wish to consider a Cease and Desist Order instead of a fine for violations related to the complaint, if mitigating factors reduce the active fine to $0. However, there may be times when the Department would prefer to give an active fine of $0 but maintain the $1,000 abeyance to get an admission of the violation on record or so that an abeyance period may be enforced.

V. The presumptive abeyance period is also a starting point for deciding how long the abeyance will be. Mitigating and aggravating factors may shorten or lengthen the abeyance period.

VI. All violations need a "Settlement Guidance Worksheet" completed explaining all mitigating and aggravating factors taken into account for final penalty decision.

VII. The Department may call in fines held in abeyance for any subsequent violation of the Act committed within the abeyance period that is subsequently admitted in a stipulation or proven at a hearing.

VIII. If the violation demonstrates a violation of the same type of offense committed previously, the total fine and the presumptive fine may be doubled if the violation occurs within the abeyance period or is determined to be a pattern of three of more similar violations in the producer's enforcement history.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Amanda Bickel, JBC Staff (303-866-4960)
DATE	March 18, 2021
SUBJECT	Comebacks for Colorado Department of Labor and Employment

➔ ROLL FORWARD FOR INDEPENDENT LIVING CENTERS

COMMITTEE OPTION: Senator Moreno indicated that he would like the Committee to consider providing limited authority for the Independent Living Centers to roll forward appropriations across fiscal years. The Committee could consider adopting the following language:

N Colorado Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services, Office of Independent Living Services, Independent Living Services -- Of the General Fund appropriation in this line item, 10.0 percent remains available until the close of the 2022-23 fiscal year.

BACKGROUND: Pursuant to Section 8-85-103 (2)(a), the state's nine non-profit independent living centers provide services for people with disabilities including:

- Information and referral services;
- Independent living skills training;
- Peer counseling, including cross-disability peer counseling;
- Individual and systems advocacy; and
- Transition services or diversion from nursing homes and institutions to home- and community-based living;
- Transition services upon leaving secondary education; and
- Any other services and assistance as defined by federal regulations.

For FY 2021-22, the JBC has approved an appropriation for the Centers of $6,662,512, including $6,286,160 General Fund. The balance is federal funds shown for informational purposes and a required local match for the federal funds. Five of the nine centers also receive direct federal support.

REQUEST FROM THE ILCS: The centers approached staff and Senator Moreno about obtaining permission to roll-forward appropriations. The Department uses a reimbursement method for paying the centers for their services, and General Fund is the primary source of support for some (although not all) of the centers. Because of this, a disruption such as a vacant director position can put a center in a position in which it is unable to fully spend its appropriation by the end of the year. Thus, centers may revert funds or resort to large (and potentially unreasonable) end of year spending for activities that are not their highest priorities.

In the last two years, the Department of Labor and Employment has used agreements with the Centers to transfer unused General Fund appropriations to Vocational Rehabilitation Services, which has greater flexibility in the timing of spending due to the structure of its federal match (it may "prespend" General Fund, providing a match for federal funds that are spent later). There was a transfer of approximately $200,000 in FY 2018-19 and $138,477 in FY 2019-20.

The 10.0 percent roll forward authority described above would allow for roll forward of up to $628,616--substantially more than the recent-year transfers. Staff anticipates that this should be more than adequate to address the administrative challenges the centers have identified related to their funding structure.

➔ RESTORE VETERANS SERVICE-TO-CAREER APPROPRIATION

PREVIOUS COMMITTEE ACTION:

RECOMMENDATION: Staff recommends the Committee restore funding for the Veterans Service-to-Career program from the $300,000 cash funds approved during FY 2021-22 CDLE figure setting to $500,000 cash funds from the Marijuana Tax Cash Fund and strike a previously-approved footnote directing the Department to give preference to workforce centers that partner with nonprofits.

BACKGROUND: House Bill 16-1267 (Lee and Fields/Carroll and Woods) required CDLE to develop a grant program to which workforce centers could apply to enhance workforce center services for veterans that were not available under the federal Workforce Innovation and Opportunity Act. The bill specified that workforce centers "may contract with a nonprofit agency to administer the program" and specified that, "in selecting workforce centers to administer the program, the Department shall give preference to a workforce center that partners with a nonprofit agency that is an integrated service and support center for veterans and their families." The program was reauthorized with modifications under H.B. 18-1343 (Lee and Carver/Lambert and Todd). This bill extended the program's January 1, 2019, repeal date, until January 1, 2024 and required CDLE develop a better method for assessing program outcomes, among other changes.

The bill included a $1,000,000 appropriation from the Marijuana Tax Cash Fund (MTCF) in FY 2018-19. Grants of $75,000 to $350,000 were awarded to workforce centers in five counties, with funds to be expended through the end of FY 2019-20. Due to confusion about legislative intent and the status of grants, the Department did not request funding for the program in FY 2020-21, but **the JBC initially approved $500,000 in FY 2020-21. It lowered this figure to $300,000 during budget balancing and added a footnote specifying that the funds were to be prioritized for workforce centers that partner with a nonprofit.**

During figure setting for the Department of Labor and Employment on February 11, 2021, staff recommended continuation of the $300,000 cash funds and the related footnote. However, *given more recent information about the availability of Marijuana Tax Cash Fund money, staff instead recommends restoring the funding to $500,000 and not including the footnote.* This will allow the program to operate in FY 2021-22 more as originally anticipated. **The General Assembly can then examine the data on program performance before determining if it wishes to reauthorize prior to repeal in January 2024.**

➔ MODIFY INFORMATIONAL AMOUNTS FOR LABOR MARKET INFORMATION AND UNEMPLOYMENT INSURANCE ADMINISTRATION

RECOMMENDATION:

- Staff recommends that the Committee update the informational amount included in the FY 2021-22 Long Bill for the Labor Market Information Program Costs line item in CDLE from $2,286,898 federal funds to $3,366,316 federal funds. These amounts are shown for informational purposes only, and the Department indicates that this is a better estimate of funds anticipated to be received and expended. The figure is also more consistent with recent year expenditures.

- Staff also recommends that the Committee add $10.0 million federal funds to the informational amount in the FY 2021-22 Long Bill for the Division of Unemployment Insurance Program Costs. The American Rescue Plan includes significant additional funds to address fraud issues. Based on a rough estimate of available money, staff anticipates that the State will receive and expend at least an additional $10.0 million for Unemployment Insurance administration. Although this figure is rough, staff believes it is appropriate to incorporate some recognition of the additional funding anticipated in the Long Bill.

ANALYSIS: All of the above amounts are shown solely for informational purposes. When staff believes an informational amount varies substantially from anticipated expenditures, staff recommends updating these figures.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Justin Brakke, JBC Staff (303-866-4958)
DATE	March 18, 2021
SUBJECT	JBC Staff Comebacks-Natural Resources Figure Setting FY 2021-22

This memo contains a tabled decision item and two new Committee-requested decision items.

TABLED DECISION ITEMS

➔ R1 WILDFIRE RISK MITIGATION AND WATERSHED RESTORATION

REASON FOR COMEBACK

The JBC requested stakeholder feedback on Staff Recommendation #4, shown below with staff's other recommendations.

- **Staff recommendation #1**: Increase funding for the Forest Restoration and Wildfire Risk Mitigation (FRWRM) Grant Program administered by the Colorado State Forest Service (CSFS) by $7.0 million General Fund, bringing total FRWRM Long Bill appropriations to $8.0 million General Fund in the Department of Higher Education.

- **Staff recommendation #2:** Add new Long Bill line item in the Department of Higher Education to appropriate $2.0 million General Fund to the Healthy Forests and Vibrant Communities Fund (HFVC).

- **Staff recommendation #3:** Add new Long Bill line item in the Department of Natural Resources to appropriate $5.0 million General Fund to the Colorado Water Conservation Board (CWCB) Construction Fund for the Watershed Restoration Grant Program.

- **Staff recommendation #4:** Two statutory changes to the FRWRM Grant Program: (1) Limit eligible recipients to jurisdictions that have adopted building codes and land use regulations that reduce wildfire risks to people, property and infrastructure, and (2) strike the $1.0 million limit on grant awards.

REVISED/ADDITIONAL RECOMMENDATIONS

- **Staff recommendation #3a**: As an alternative to Recommendation #3 above, staff recommends a $5.0 million General Fund placeholder for a transfer to the CWCB Construction Fund to support the Watershed Restoration Grant Program. A placeholder would allow a $5.0 million General Fund transfer to take place in the annual CWCB Projects Bill, which typically occurs later in the session. The Department confirmed that this could be done.

- **Staff recommendation #4a:** Staff recommends adding the following provision to Section 23-31-310 (5), C.R.S.:
    - The director shall convene a technical advisory panel to evaluate the proposals for forest restoration and wildfire risk mitigation grants and provide recommendations regarding

which proposals would best meet the objectives of this section. The panel shall consider eligibility criteria established in subsections (4) and (4.5) of this section, a project's effect on long-term forest management, and the number of acres treated for state dollars spent and seek to use a consensus-based decision-making process to develop such recommendations. **FOR HAZARDOUS FUEL REDUCTION PROJECTS PURSUANT TO SUBSECTION (4)(a), THE PANEL SHALL SHOW PREFERENCE TO APPLICANTS THAT HAVE ADOPTED OR PLAN TO ADOPT LOCAL MEASURES THAT REDUCE WILDFIRE RISKS TO PEOPLE, PROPERTY, AND INFRASTRUCTURE THAT COMPLIMENT FUNDS PROVIDED THROUGH THIS PROGRAM. STRONGER MEASURES SHALL RECEIVE GREATER PREFERENCE.** A panel member shall recuse himself or herself if he or she has an actual or potential conflict of interest with respect to a grant applicant. The panel is composed of ten to eleven members, to be appointed by the director. The composition of the panel includes:

- Staff recommends striking the $1.0 million limit on grant awards established in Section 23-31-310 (3), C.R.S.

SUMMARY OF REVISED RECOMMENDATIONS

These recommendations aim to increase the effectiveness of state funding for FRWRM projects, particularly hazardous fuels projects. Research shows that hazardous fuels projects are more effective if paired with other measures, such as making a structure more resistant to fire or placing that structure out of harm's way. These other measures are locally-controlled, so staff concluded that it was reasonable for the state to show preference to applicants that have adopted, or plan to adopt, these measures. Staff's original recommendation focused specifically on locally-driven building and land use codes. However, based input from the Department and other stakeholders, the revised recommendation broadens the language to allow for other risk reduction measures.

ADDITIONAL REVISIONS PROPOSED BY DEPARTMENT

The Department proposed additional revisions when it provided JBC staff with feedback on staff's recommendations.

- Amend Section 23-31-310 (8.3)(a)(I), C.R.S. to allow additional capacity building measures, with special focus on planning and community outreach.
    - Dedicate up to twenty-five percent of the money available in the forest restoration and wildfire risk mitigation grant program cash fund, created in subsection (8.5) of this section, to fund capacity-building efforts to provide local governments, community groups, and collaborative forestry groups with the resources necessary to **PLAN AND IMPLEMENT FOREST RESTORATION AND WILDFIRE RISK MITIGATION PROJECTS** ~~provide site-based hazardous fuel reduction treatments~~, including **COMMUNITY AND PARTNER OUTREACH AND ENGAGEMENT, IDENTIFYING PRIORITY PROJECT AREAS, PRESCRIPTION PLANNING, ESTABLISHING** neighborhood slash piles and **ACQUIRING** community equipment for use by landowners;

- Amend Section 23-31-310 (3), C.R.S. to allow FRWRM funds to conditionally support work on federal lands. The purpose of this proposal is to allow projects to stay connected across a landscape, thus avoiding a situation where federal land poses a risk to communities despite mitigation work on nearby nonfederal land.

  - The forest service shall issue a statewide request for proposals for cost-share grants for projects that are designed through a collaborative community process. The projects may be entirely on, or on any combination of, private, state, county, or municipal forest lands. **PROJECTS MAY INCLUDE FEDERAL LANDS THAT MAINTAIN CONTINUITY OF A PROJECT ACROSS A LANDSCAPE, AS LONG AS THE AREA OF FEDERAL LANDS DOES NOT EXCEED THE COMBINED AREA OF THE NONFEDERAL LANDS INVOLVED IN THE PROJECT.**

- The Department also proposed to increase the administrative cap from 3.0 percent to 10.0 percent to allow the CSFS to add staff to manage increased workload.

NEW INFORMATION

STAKEHOLDER FEEDBACK

This section provides stakeholder feedback on JBC staff's recommendations and JBC staff's analysis of that feedback. This feedback was acquired through meetings, e-mail correspondence, and a letter that is attached at the end of this document. Unless otherwise indicated, all feedback pertains to the original recommendation (O.R.) to limit FRWRM eligibility.

Measures beyond land use and building codes

Both the Department and stakeholders contended that land use and building codes are not the only measures that reduce wildfire risks. These measures include, but are not limited to:

- Other programs, such as the Firewise program[1]
- Local collaborative planning efforts
- Installation of irrigation systems or other water systems to ensure adequate water supply to fight fires

Staff agrees and incorporated this feedback in the revised recommendation. The CSFS would determine which measures best compliment FRWRM funds and show preference accordingly.

Purpose of FRWRM

Some stakeholders asserted that staff's O.R. runs counter to the goals of the FRWRM program. Staff respectfully disagrees. Section 23-31-310 (1.5)(b)(I), C.R.S., lays out what staff interprets as the primary objective of the FRWRM program. It says the program should "…reduce the probability of catastrophic fires spreading uncontrollably into our communities in areas of the wildland-urban interface and reduce the financial costs of wildfire in Colorado."

As discussed during figure setting, research shows that reducing the probability of fires "spreading uncontrollably" into communities requires multiple risk reducing measures. These measures include: 1) forest health improvement/restoration, (2) reducing hazardous fuels around structures, (3) fire-resistant structures, and (4) placing structures in places where they are less likely to burn.

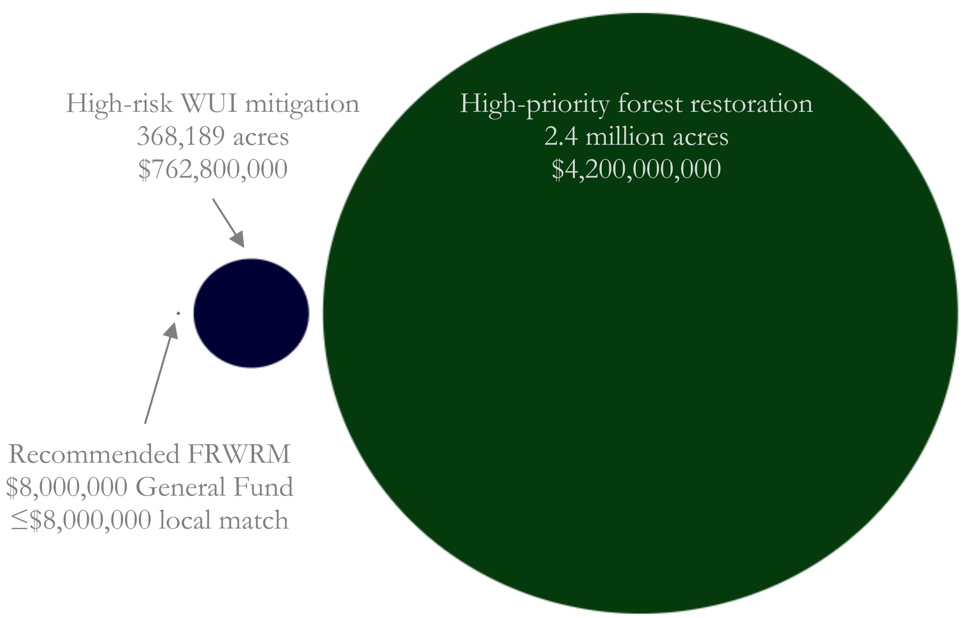
[1] Firewise (link) is a national recognition program provides guidance for communities to increase the ignition resistance of their homes and community and to reduce wildfire risks at the local level. Any community that meets a set of voluntary criteria on an annual basis and retains an "In Good Standing Status" may identify itself as being a Firewise® Site.

Staff concluded that large-scale forest restoration is the most difficult to achieve because it is expensive and mostly needs to happen on federal land. According to the CSFS, restoring the 2.4 million acres in greatest need would cost an estimated $4.2 billion. Land use and building codes could reduce risk by limiting the number of structures at risk or by requiring that structures be made of fire-resistant material. However, these codes are locally-controlled. If forest restoration is primarily a federal issue, and land use and building codes are primarily local issues, staff contends that state funding for hazardous fuels projects (to reduce fire intensity and create "defensible spaces") can have the biggest impact if those funds are targeted to areas with complimentary measures in place.

The CSFS agrees that the state funds are most effective when paired with complimentary local policies. In response to JBC staff questions, the CSFS said:

> "Colorado is a local control state, so zoning and certain building codes are handled on the local level by counties, municipalities and fire protection districts. The state provides examples of model WUI [wildland-urban interface] codes for local communities. Home hardening to reduce structural ignitability is a critical issue that has to be addressed along with hazardous fuels and vegetation. **Treating vegetation alone will not give a structure the best chance of survival [emphasis added].** The CSFS is a non-regulatory agency, but notes that building codes could address both home construction and vegetation if building is occurring in the WUI. In addition, local development and zoning decisions play an important role in the number of structures at risk and the scope of the need for risk mitigation activities."

Furthermore, the need for mitigation funding far exceeds state resources, even with staff's recommended increase for FRWRM. Staff's figure setting document noted that there are over 368,000 high-risk acres in Colorado that need mitigation work, 96.0 percent of which are on nonfederal land. This work would cost about $762.8 million dollars. The intent of the graphic on the below is to show the relative scale of staff's recommendation to the statewide need for high-risk, high-priority mitigation and forest restoration.



Given the gap between needed and available resources, staff concluded that $8.0 million could only achieve more modest objectives. Specifically, that it would have the biggest impact if it helped communities make a long-term net reduction in their wildfire risk profile. The available state funding simply cannot address the state's overall wildfire risk profile. However, staff contends that the recommendation will maximize the impact of those funds and can make a long-term dent in the risk profile for local communities.

If communities continue to expand into the WUI a "long-term dent" becomes less likely. This is especially true if new structures are susceptible to fire and/or they are placed in close proximity to fire-prone vegetation. If the state provides $400,000 for 200 acres of mitigation work, but in 5-10 years the applicant's WUI acreage increases by 200 acres of non-fire resistant development, one may reasonably conclude that no progress was made with state funds.

In sum, the main goal of FRWRM as interpreted by staff is to help communities protect themselves from wildfires. Research shows that communities are best protected by adopting multiple risk reducing measures. Some of these measures are locally-controlled. Staff therefore concluded that limited state funds would be most effective in communities that have adopted or plan to adopt strong risk reducing measures. By "effective," staff means that FRWRM funds are more likely to help these communities survive a wildfire than communities that have not taken these steps. In this regard, staff sees both the O.R. and the revised recommendation as a form of triage to maximize the impact of limited state funding, not punishment for communities that have not taken those steps.[2]

Are local measures, like land use codes, a financial resource issue?

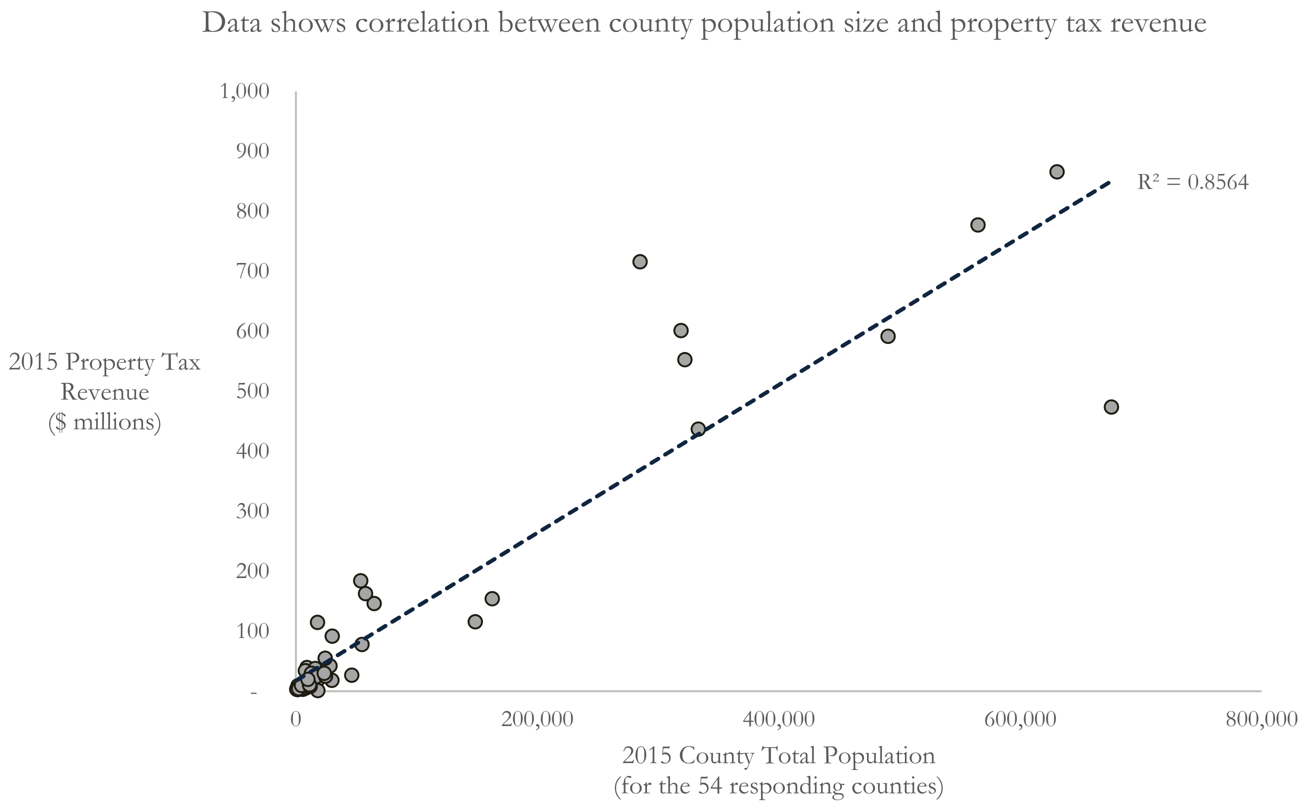
Staff had conversations with stakeholders and others on this topic. Some suggested that certain local measures, like building and land use codes, are difficult to adopt and implement because local governments lack the financial resources. Staff cannot rule out this possibility, but it is not clear that financial resources are the primary obstacle.

Staff analyzed county-level data from the 2015 Colorado Land Use Survey conducted by the Department of Local Affairs (DOLA).[3] Staff then cross-referenced that data with median household incomes and property tax revenue. Staff found that counties of all sizes and financial means have adopted land use regulations specific to wildfire, while comparable counties have not. Staff cannot explain why this might be the case, but at the very least it suggests that financial resources are not a primary obstacle.

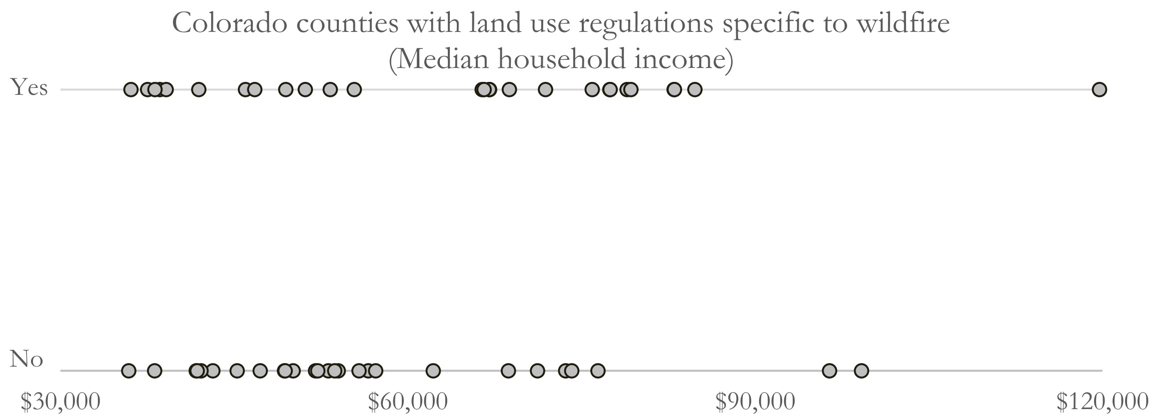
The graph below shows the correlation between county population and property tax revenue. The majority of responding counties had a 2015 population less than 20,000 (n=32, 59.2%). Only ten counties had a population exceeding 100,000 (n=10, 18.5%).

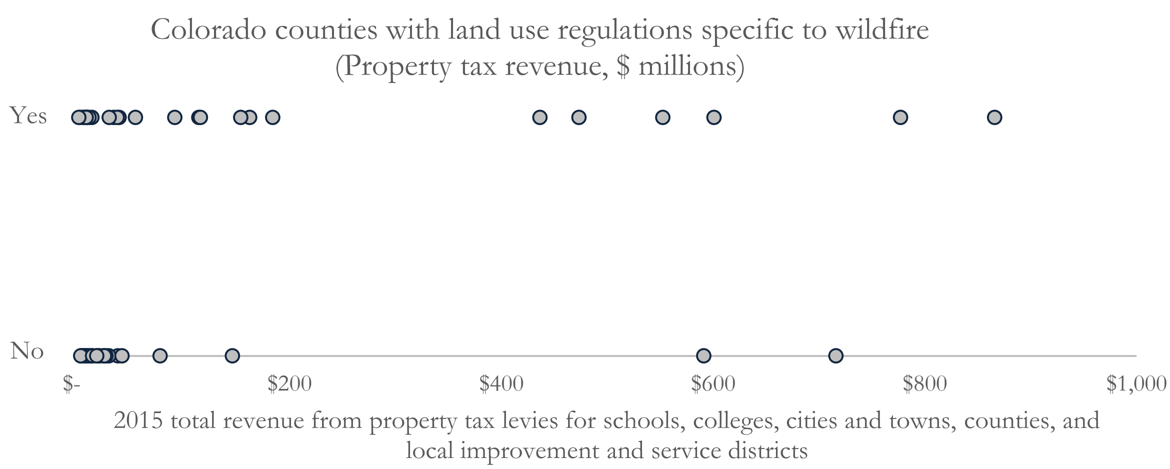
[2] Some stakeholders described staff's O.R. as "punishment."

[3] DOLA is in the process of updating the survey.



The next two graphs show the relationship of median household incomes and property tax revenue to the adoption of wildfire-specific land use codes. There does not appear to be a correlation in either case. Staff notes that the property tax revenue graph appears show a concentration of counties without wildfire codes toward the low end of revenue, yet there are counties with comparable amounts of revenue that do have these codes. Staff interprets this as an indication that financial resources are not the only or primary factor prohibiting code adoption. Combined with anecdotal feedback about codes being controversial or difficult to pass in some communities, staff concludes there are likely other factors at work besides financial resources.





These data have major limitations. First, the information is outdated. Staff is aware of at least four counties that are shown as "No" in the graphs above but have recently updated their codes to include wildfire-specific measures. Second, the data cannot speak to the quality of the codes or whether they are enforced or properly implemented. Third, the data does not provide a window into the internal workings of each individual county, so it does not account for other variables that might affect whether a county adopts these codes. Lastly, each county has varying levels of wildfire risk and, consequently, varying levels of perceived need for these codes. However, at the very least the data shows that financial resources are not necessarily the primary obstacle preventing counties from adopting wildfire land use codes. More research would be necessary to see if these results apply to municipalities as well.

Given the data's limitations, staff recognizes that financial resources are potentially an issue for some counties and municipalities, which is why staff recommend a $2.0 million appropriation to the HFVC fund, which can help the CSFS provide technical assistance to communities. Also, staff generally supports the Department's proposed statutory change to allow FRWRM to support more capacity building activities.

Incentives

Some stakeholders described staff's O.R. as an attempt to incentivize local communities to adopt certain wildfire codes and regulations. Staff disagrees with this description. Staff's recommendations do not aim to incentivize local communities to adopt certain local measures. The goal is to increase the effectiveness of state General Fund dollars used for local wildfire mitigation work.

Staff identified this goal in the figure setting document and presentation. Page 11 of the document says, "The purpose of this change is to increase the long-term effectiveness of state funding by increasing the probability that state-funded mitigation efforts will lead to net reduction in the grant recipient's wildfire risk profile." If communities adopt local risk reduction measures to enhance their competitiveness for grant funds, that is a secondary benefit.

Colorado's wildfires have grown increasingly severe over the last decade. Wildfire experts expect this trend to continue. If the increasing risk of destruction does not spur communities to adopt and aggressively implement risk reducing measures, staff has no reason to think that changes to a modestly funded grant program will influence local behaviors.

"One size fits all"

Stakeholders described staff's O.R. as a one-size-fits-all statewide approach to WUI codes and regulations. Staff disagrees with this description. Paragraph 2 on page 12 of the figure setting document says, "State agencies do not currently have the statutory authority to issue statewide building codes or land use regulations specific to wildfire for most types of structures, nor does it have the capacity enforce those codes." Staff is not recommending changes to give the state this authority.

Staff's recommendations do not require potential applicants to do anything outside of the grant process, nor are they prescriptive. Rather, staff's recommendations (both original and revised) make local measures a part of the application process and let the CSFS develop the criteria. Applicants would have to explain the measures they are taking to protect themselves from wildfires. If those measures are nonexistent or insufficient, the applicant will be competitive for FRWRM funds if the Committee goes with the revised recommendation.

Staff notes that the Federal Emergency Management Agency (FEMA) is already showing preference to certain applicants, particularly those with strong building codes. The FEMA Building Resilient Infrastructure and Communities Program provides nationally-competitive grants for mitigation work, including the kind supported by FRWRM. About $446.4 million was available in the current grant cycle, which stopped taking applications on January 29, 2021.

The following table shows that building codes make up thirty-five percent of the technical evaluation criteria for "subapplicants," which are local and tribal governments. The State of Colorado is the "applicant" and applications are administered by the Division of Homeland Security and Emergency Management in the Department of Public Safety.

Technical Evaluation Criteria for the National Competition	
Criteria	**Potential Total Points**
Infrastructure project	20
Mitigating risk to one or more lifelines	15
Incorporation of nature-based solutions	10
Applicant has mandatory building code adoption requirement (2015 or 2018 versions of International Building Code and International Residential Code)	20
Subapplicant has Building Code Effectiveness Grading Schedule (BCEGS) Rating of 1 to 5	15
Application generated from a previous FEMA HMA Advance Assistance Award	10
Increased non-federal cost share	5
Designation as a small impoverished community (as defined in the BRIC Policy and referenced in 42 U.S.C. § 5133(a))	5

The points in the table are binary: either full points are awarded, or nothing is awarded. Based on staff's understanding of the process, this table says that 20 points are automatically deducted from Colorado's subapplicants because the state does not have mandatory building code adoption requirements.[4] FEMA deducts another 15 points if the subapplicant's building codes are not rated 1 through 5 on a 10 point scale, with 1 being exemplary, 5 being average, 10 being the worst. FEMA uses the Building Code Effectiveness Grading Schedule developed by the Insurance Services Office (ISO), a national property/casualty insurance advisory organization.[5]

Future grant cycles may see more emphasis on building codes. In its program guidance, FEMA says that it "acknowledges the importance of strong building codes at the state, local, tribal, and territorial levels. Accordingly, in future BRIC grant cycles, FEMA may increase its emphasis on building codes criteria."[6]

Process: JBC purview, JBC staff recommendations, and stakeholder input

JBC purview

One interest group suggested that this subject matter does not fall under the JBC's purview, saying it would be more appropriate to have the CSFS determine what is important for FRWRM grant dollars than the JBC. Staff disagrees for three reasons. First, the General Assembly created the FRWRM program, not the CSFS. It is the General Assembly's prerogative to set the policy direction for any grant program codified in state law.

Second, it is the JBC's statutory duty to "study the management, operations, programs, and fiscal needs of the agencies and institutions of Colorado state government." (Section 2-3-203 (1)(a), C.R.S.) The Department of Natural Resources requested funds for the FRWRM program. It is within the JBC's purview to ensure that state funds are wisely-spent by state agencies.

[4] Colorado is one of 24 states without mandatory statewide residential building code adoption and enforcement. Link to the Insurance Services Office 2019 National Building Code Assessment Report, pages 48 and 49.
[5] For additional details, link to the ISO website.
[6] Link to BRIC program guidance, page 20.

Lastly, the DNR and CSFS did weigh in, as shown by the quote earlier in the document. Staff corroborated these statements with independent research. Staff found a high level of expert consensus that agreed with these statements, which led staff to both the original and revised recommendations.

JBC staff recommendations and stakeholder input
One interest group suggested that staff should have consulted various interest groups before delivering their recommendation to the JBC. Staff disagrees for two reasons. First, JBC staff is not obligated to vet their recommendations with interest groups and it may be inappropriate to do so before the JBC has had the opportunity to review staff's recommendations. If staff recommends legislation and the JBC decides to move to draft a bill, the JBC decides what type of stakeholder process is needed and whether they want JBC staff involved in that process. In this case, the JBC asked staff to correspond with certain organizations to gather initial feedback.

Second, no amount of stakeholder input will change the facts that led to staff's recommendations:
- Wildfires are getting worse and that trend is expected to continue.
- The WUI has expanded rapidly and that trend is expected to continue, putting more people in harm's way.
- Many wildfire researchers and practitioners, including Colorado state agencies, contend that mitigation measures need to include fire-resistant structures and/or regulations that limit development in high-risk areas. These measures are locally-controlled.
- The need for mitigation funding far exceeds available state funds.

In light of those facts, staff concluded that state funding would be have a bigger impact in communities that have adopted strong risk reducing measures, leading to the original and revised recommendations for legislation.

Conclusion
Staff's recommendations aim to make state funding for wildfire mitigation more effective. Hazardous fuels projects supported by FRWRM will be more effective at reducing wildfire risks when paired with other measures. Certain measures are locally-controlled, like the materials a structure is made of or the placement of a structure in the WUI. Staff therefore concludes that it is reasonable for the state to make local measures a key part of the application process for state grant funds. In staff's view, this is especially important given the context: increasingly severe fires, projected growth in the WUI, and a significant gap between available funds and needed funds.

NEW DECISION ITEMS

➔ WATER EDUCATION COLORADO

REQUEST: The Committee inquired about appropriating General Fund to Water Education Colorado (WEC), a 501(c)(3) nonprofit.

RECOMMENDATION: Staff does not recommend appropriations for WEC because it does not exist in statute, nor is there an existing statute or Session Law that provides the General Assembly with the authority to provide a direct appropriation to WEC.

ANALYSIS:
The General Assembly established a water education foundation in Section 25 of the 2002 CWCB Projects Bill (H.B. 02-1152). Section 25 also authorized "continued support" by means of an annual $150,000 grant, made possible by a $150,000 continuous cash funds appropriation. Section 25 was not added to statute. Eventually the "Foundation for Water Education" established by H.B. 02-1152 became Water Education Colorado.

From FY 2002-03 to FY 2019-20, Water Education Colorado received an annual $150,000 grant from the CWCB Construction Fund. It also received close to $400,000 in additional grants, which are shown in the table on the next page.

WATER EDUCATION COLORADO REVENUE FROM CWCB				
FISCAL YEAR	GRANTS FROM H.B. 02-1152	WATER PLAN GRANTS	WATER SUPPLY RESERVE FUND	TOTAL
2003	$150,000	-	-	$150,000
2004	150,000	-	-	150,000
2005	150,000	-	-	150,000
2006	150,000	-	-	150,000
2007	150,000	-	-	150,000
2008	150,000	-	-	150,000
2009	150,000	-	32,038	182,038
2010	150,000	-	20,000	170,000
2011	150,000	-	84,375	234,375
2012	150,000	-	-	150,000
2013	150,000	-	33,237	183,237
2014	150,000	-	-	150,000
2015	150,000	-	-	150,000
2016	150,000	-	-	150,000
2017	150,000	-	-	150,000
2018	150,000	157,000	-	307,000
2019	150,000	-	-	150,000
2020	150,000	55,709	-	205,709
Total	**$2,700,000**	**$212,709**	**$169,650**	**$3,082,359**

House Bill 20-1403 amended the Session Laws of Colorado 2002, section 25, chapter 150, to repeal the CWCB's authority to provide the annual $150,000 grant to WEC. Consequently, staff is not aware of any statute or session law that provides either the CWCB or the General Assembly to directly appropriate money to WEC.

Conclusion
Funding for WEC has not been very transparent. The only way for the public or JBC staff to know about the annual $150,000 grant is for somebody to point it out. In other words, the financial relationship between the CWCB and WEC is not easily found in public records. Searching statutes does not work because WEC does not exist in statute. Schedule 9 cash fund reports submitted by DNR in its annual budget requests do not show this expense in the CWCB Construction Fund. There is not a good way to search Session Laws; the only way to know which bill to look at is if somebody provides that information. Lastly, WEC's annual reports do not make the relationship clear. Staff had to go back to the FY 2006-07 annual report to find a mention of the CWCB "endowment." CWCB grants are otherwise classified as "government grants" in WEC's annual reports.

If an appropriation to WEC is desired by the General Assembly, the Assembly may consider formalizing WEC's status as a state entity in statute and provide itself with the authority to make a direct appropriation.

➔ OFF-HIGHWAY VEHICLE RECREATION FUND REIMBURSEMENT [LEGISLATION REQUIRED]

REQUEST: The Committee asked this concept to be placed on the Committee's list of potential legislation.

RECOMMENDATION: Staff does not have a recommendation. This decision item just serves as a reminder that the Committee placed this concept on the bill list.

COLORADO MUNICIPAL LEAGUE

COLORADO COUNTIES, INC.
Educate · Advocate · Empower

CCAT

Special District Association of Colorado
Supporting Community-Based Government

Colorado General Assembly
Joint Budget Committee
Via Justin Brakke
Legislative Budget and Policy Analyst, JBC
200 E Colfax Avenue
Denver, CO 80203

March 10, 2021

Mr. Brakke,

We want to thank you for taking the time to meet with the Colorado Municipal League and Colorado Counties Inc. last week to gather feedback on your staff recommendation around the Forest Restoration and Wildfire Risk Mitigation Grant programs. We are providing you with this letter which reiterates our concerns with small portions of the previous staff recommendation, as well our recommendations for possible paths forward.

First and foremost, the $7 million recommendation for funding for this grant program is sorely needed within our local government communities and the many other groups and organizations working toward combating Colorado's wildfires. 2020 was Colorado's largest wildfire season on record, which had devastating consequences for local governments on the front lines, the state, and communities throughout Colorado. With hundreds of millions of dollars being spent to combat forest fires last year, allocating $7 million for mitigation efforts to curb the effects of these forest fires is a sound investment.

CML, CCI and SDA have concerns regarding the recommendation for a statutory change to limit eligibility for the Forest Restoration and Wildfire Risk Mitigation Grant Program to applicants who have adopted building codes and land use regulations. Our general concerns are summarized below:

- Denying funding to local governments for mitigation based on local government policies is counter to the goals of the grant program, and to Colorado's mission of reducing the impacts of large-scale wildfires in Colorado.
- We know that wildfires do not respect jurisdictional boundaries, if one local government is denied funding and limits their mitigation based on that, neighboring communities will undoubtedly suffer.
- The recommendation does not take into account the large portion of grant recipients who are not municipalities or counties. Fire districts, water conservation districts, individuals, and other special districts, which can cross jurisdictional boundaries, rely on the use of these funds and would be impacted by the recommendation.
- Local governments who are not in the WUI also take advantage of these funds and may have land-use and building codes that reflect their unique circumstances.

Moving forward, we would encourage you to focus your staff recommendation on policies which incentivize the use of building codes and land-use regulations as appropriate, as well as other mitigation strategies and policies, while not denying eligibility to any entity based upon their local policies.

To accomplish this, we would encourage the Colorado State Forest Service (CSFS) to establish criteria to help prioritize funding for communities who have or are in the process of adopting these types of codes, or other mitigation strategies and policies which the CSFS determines to be effective. Local governments explore and utilize a variety of wildfire mitigation tools, and we would encourage CSFS to consider all of these tools in the prioritization of funds, including *but not limited to*:

- Community Wildfire Protection Plans
- Wildfire Mitigation Overlay Zoning
- Defensible Space Implementation
- Participation in the Firewise Program
- County Comprehensive Planning and/or Hazard Mitigation Planning
- Installation of Irrigation Systems, cisterns, or other efforts to ensure adequate water supply
- Citizen Outreach and Education
- Local Wildfire Risk Reduction Grant Programs
- Local Slash/Mulch Collection Programs, Chipper Rental Programs
- Local Annual Wildfire Operating Plans, Forest Management Plans
- Wildfire Hazard Mapping
- Multi-Jurisdictional Hazard Plans
- Volunteer Firefighting

We would also encourage $700,000 of the allocated money be earmarked for use in the Healthy Forests and Vibrant Communities Fund. Directing staff to use the funds to provide technical assistance in the development of fire building codes and land use regulation adoption, landscape level strategic planning, project level capacity building, and public involvement to improve projects and earn public acceptance. Once the concept has been authorized for legislative drafting by the JBC, we encourage the JBC to require thoughtful stakeholder involvement in the development of the language and would be happy to provide specific legislative language to this effect.

Thank you again for including us in the conversation. We are always happy to provide feedback and recommendations on behalf of local governments in Colorado.

Sincerely,

Heather Stauffer
Colorado Municipal League

Michael Valdez
Special Districts Association

Daphne Gervais
Colorado Counties Inc.

Thomas Davidson
CCAT Executive Manager

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Christina Beisel, JBC Staff (303-866-2149)
DATE	March 16, 2021
SUBJECT	Technical Comebacks

This memorandum includes two technical comebacks for the Department of Human Services Office of Behavioral Health:

- Corrections to Annualizations (Technical)
- Add Medicaid Funds to Provider Rate Base (Technical)

➔ CORRECTIONS TO ANNUALIZATIONS

During figure setting for the Department of Human Services, staff recommended approval of the following annualizations.

ORIGINAL RECOMMENDATION: ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 20-21 Forensic community -based services reduction	$89,191	$89,191	$0	$0	$0	0.0
FY 20-21 Plan Successful Gambling Addiction Program	50,000	0	50,000	0	0	0.0
FY 20-21 R30 Revert evaluation funding	50,000	0	50,000	0	0	0.0
FY 20-21 R34 MH technical correction	(30,000)	(30,000)	0	0	0	0.0
FY 20-21 R1 CMHIP reduction	113,639	113,639	0	0	0	0.0
Total	**$272,830**	**$172,830**	**$100,000**	**$0**	**$0**	**0.0**

Upon further review, JBC staff and the Department agree that these annualizations were requested and recommended in error. Therefore, **staff is recommending a reduction of $272,830 total funds, including $172,830 General Fund, to remove the annualizations.**

Please note: the R34 annualization includes a transfer of funds and FTE between line items. The staff recommendation is to *not* make that transfer, leaving the funds and FTE in their current line items.

➔ ADD MEDICAID FUNDS TO PROVIDER RATE BASE

RECOMMENDATION: Staff recommends an increase of $3,134 reappropriated funds in the Department of Human Services, Office of Behavioral Health. Staff recommends a corresponding increase in the Department of Health Care Policy and Financing of $3,134 total funds, including $1,470 General Fund and $1,664 federal Medicaid funds.

EXPLANATION

The community provider rate is applied to appropriations in the Children and Youth Mental Health Treatment Act for direct client services provided by residential mental health treatment providers, Administrative Service Organizations (for care coordination), and private and nonprofit community-based outpatient providers (including some Community Mental Health Centers).

During figure setting, staff recommended an increase of $73,227 total funds, including $62,901 General Fund and $10,326 cash funds. This was calculated by applying the 2.5 percent provider rate to a base of $2,929,083 total funds (including $2,516,052 General Fund and $413,031 cash funds). The line item includes $125,344 reappropriated funds from HCPF, which originate as General Fund and federal Medicaid funds. JBC staff and the Department agree that the provider rate should also be applied to these funds.

Therefore, staff recommends an increase of $3,134 reappropriated funds, which is consistent with the Committee's common policy provider rate adjustment (2.5 percent) applied to the base of $125,344 reappropriated funds.

Staff requests permission to make the corresponding change in HCPF to reflect the change in Medicaid funds, for an increase of $3,134 total funds, including $1,470 General Fund and $1,664 federal Medicaid funds.

BACKGROUND: LINE ITEM DETAIL FROM FIGURE SETTING DOCUMENT

CHILDREN AND YOUTH MENTAL HEALTH TREATMENT ACT

The Children and Youth Mental Health Treatment Act (CYMHTA), as amended by H.B. 18-1094, provides funding for mental health treatment services for children and youth under age 21[1]. The program is designed to make services available for children and youth who are at risk of out-of-home placement, but a dependency and neglect action is neither appropriate nor warranted. Services may include mental health treatment services and care management, including any residential treatment, community-based care, or any post-residential follow-up services that may be appropriate. Local and state-level appeal processes are available if services are denied, and for local interagency disputes.

This line item is currently supported by three fund sources:
- General Fund;
- Marijuana Tax Cash Fund; and
- Transfers from HCPF, which originate as General Fund and federal Medicaid funds.

The community provider rate is applied to the General Fund and cash fund appropriations for direct client services provided by:
- Residential mental health treatment providers,
- Administrative Service Organizations (for care coordination), and
- Private and nonprofit community-based outpatient providers (including some Community Mental Health Centers).

REQUEST: The Department requests $3,085,317 total funds (including $2,541,499 General Fund).

[1] An individual must be under the age of 18 to become eligible for services through this program. However, once an individual becomes eligible, he or she may remain eligible until his or her 21st birthday.

RECOMMENDATION: Staff recommends appropriating $3,127,654 total funds (including $2,578,953 General Fund, $423,357 cash funds from the MTCF, and $125,344 reappropriated funds transferred from HCPF).

The recommendation is consistent with the Committee's common policy provider rate adjustment (2.5 percent), which has been applied to a base of $2,929,083 total funds (including $2,516,052 General Fund and $413,031 cash funds).

OFFICE OF BEHAVIORAL HEALTH, COMMUNITY-BASED MENTAL HEALTH SERVICES, CHILDREN AND YOUTH MENTAL HEALTH TREATMENT ACT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION						
HB 20-1360 (Long Bill)	$3,054,427	$2,516,052	$413,031	$125,344	$0	0.0
TOTAL	**$3,054,427**	**$2,516,052**	**$413,031**	**$125,344**	**$0**	**0.0**
FY 2021-22 RECOMMENDED APPROPRIATION						
FY 2020-21 Appropriation	$3,054,427	$2,516,052	$413,031	$125,344	$0	0.0
Common policy provider rate adjustment	73,227	62,901	10,326	0	0	0.0
TOTAL	**$3,127,654**	**$2,578,953**	**$423,357**	**$125,344**	**$0**	**0.0**
INCREASE/(DECREASE)	**$73,227**	**$62,901**	**$10,326**	**$0**	**$0**	**0.0**
Percentage Change	2.4%	2.5%	2.5%	0.0%	0.0%	0.0%
FY 2021-22 EXECUTIVE REQUEST	**$3,085,317**	**$2,541,499**	**$417,208**	**$126,610**	**$0**	**0.0**
Request Above/(Below) Recommendation	($42,337)	($37,454)	($6,149)	$1,266	$0	0.0

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Tom Dermody, JBC Staff (303-866-4963)
DATE	March 18, 2021
SUBJECT	Tabled Items for Dept. of Human Services – R3 and R12

During Figure Setting for the Department of Human Services on March 5, 2021, the Committee delayed decisions on the Department's R3 (Support of early childhood workforce) and R12 (CCCAP early childhood educator salary subsidy grant program) requests pending additional information on statutory concerns raised by JBC staff.

The R3 request is for $1.2 million General Fund in FY 2021-22 and ongoing to create and fund a Recruitment and Retention Grant and Scholarship Program, which would provide direct financial assistance, in the form of scholarships, to 400-600 individuals currently employed in or planning to join the early childhood educator workforce. The R12 request is for $3.0 million federal Child Care Development Fund (CCDF) funds in FY 21-22 and ongoing to create and implement a grant program providing and study the impact of direct wage subsidies for early childhood educators.

In discussions with the Department following the figure setting presentation, the Department acquiesced to staff's statutory concerns regarding their R3 request, citing the use of General Fund. Additionally, while the Department continues to assert that there is sufficient statutory authority for the Committee to approve R12, they have informed staff that they are considering alternative avenues for the request. The Department cites Sections 26-2-104 (1)(a) and 26-2-122 (1) and (4), C.R.S., as providing the necessary and sufficient authority for the implementation of their R12 request.

In light of recent federal stimulus actions, JBC staff believes it valuable to outline the statutory requirements regarding the appropriation of federal Child Care Development Fund funds. At the request of the Committee, staff provides the following analysis.

STATUTORY ANALYSIS

The R12 request would target child care providers that are serving families in the Colorado Child Care Assistance Program (CCCAP) and who are rated in the Colorado Shines Quality Rating and Improvement System (CO Shines) at a level 3 or above. The Colorado Child Care Assistance Program, created in Section 26-2-801 *et seq.*, C.R.S., helps families that are homeless, working, searching for work or in school find child care assistance. CO Shines, authorized by Section 26-6.5-106 (5), C.R.S., is embedded in childcare licensing, so that those licensed childcare programs serving children prior to kindergarten entry have a rating tied to their license. The request would use $3.0 million federal CCDF funds.

Federal funds from the Child Care Development Fund are explicitly appropriated by the General Assembly. Section 24-76-101, C.R.S., provides the General Assembly the authority to appropriate "block grant moneys in the state treasury received from any agency of the federal government" and to authorize the "transfer of block grant moneys from one block grant to another." Furthermore, in the Headnotes of the Long Bill (Section 2 (1)(h)(II) of H.B. 20-1360), the General Assembly specifically declares its authority to appropriated funds from the Child Care Development Fund.

The Child Care and Development Block Grant Act and federal regulations pertaining to the Child Care Development Fund require the identification of a Lead Agency for program implementation. Sections 26-1-109 and 26-2-104 (1), C.R.S., authorize the Department of Human Services to be the state agency (or Lead Agency) for administering the state plans for public assistance and welfare programs. Section 26-2-122 (1) and (4), C.R.S., allow the Department to "provide those services required by the [Social Security Act] and applicable federal regulations" in accordance with the state plan. While these parts of statute are necessary in order to provide the Department the authority to implement the various aspects of the Child Care and Development Block Grant Act, as well as other social services programs, they are not sufficient to provide the Department the specific statutory authority to implement a direct wage subsidy grant program.

The Department is required by federal regulations to submit a State Plan for the Child Care Development Fund every three years; the State is currently in the third year of the current State Plan. The State Plan, while allowing for CCDF funds to be used for wage increases related to the Professional Development Framework, is explicit in the mechanism to be use to distribute funds for that purpose. In Section 6.1 Professional Development Framework of the State Plan, wage subsidies are briefly discussed in the context of tiered subsidy reimbursements. The tiered subsidy reimbursements are authorized in Section 26-2-803 (2), C.R.S. However, the R12 request would create a funding mechanism, outside of the authorized tiered reimbursements, that is not discussed or envisioned in the Colorado Revised Statutes.

The Department propose appropriating the requested R12 funding to the Child Care Grants for Quality and Availability and Federal Targeted Funds Requirements line item. This line item currently provides appropriations for the following programs and purposes:

- Child Care Resource and Referral (Section 26-6-116, C.R.S.);
- Colorado Shines Quality Rating and Improvement System (Section 26-6.5-106 (5), C.R.S.);
- Early Childhood Councils (Section 26-6.5-103, C.R.S.);
- Expanding quality for infant and toddler care (Section 26-6.5-103.7 (b), C.R.S.);
- Colorado Infant and Toddler Quality and Availability Grant Program (Section 26-6.7-101 *et seq*., C.R.S.);
- Targeted quality improvement (Section 26-6.5-103.7 (b), C.R.S.); and
- Voluntary Early Childhood Professional Credentials (Section 26-6.5-107, C.R.S.)

Unlike the above listed programs, which have explicit statutory authorization, the program and funding mechanism proposed by the Department's R12 request is not referenced or discussed in the relevant parts of statute for early childhood programs. Temporary statutory authorization of a new program in order assess its impact prior to full authorization and funding is a standard practice. This practice allows for a time-limited assessment of the effectiveness of a proposed program. It also provides an amount of transparency and control over how the pilot program is established and operated. The Department's request does not provide this essential level of oversight.

CHILD CARE DEVELOPMENT FUND SUSTAINABILITY ANALYSIS UPDATE

During the figure setting presentation, JBC staff provided a sustainability analysis of the Child Care Development Fund. Below is an update of that analysis which incorporates additional information provided by the Department, which includes a decrease in anticipated expenditures in FY 2020-21 and an ongoing $1.0 million increase in the annual CCDF award.

CHILD CARE DEVELOPMENT FUND - JBC ACTION TO DATE							
	FY 2018-19 ACTUAL	FY 2019-20 ACTUAL	FY 2020-21 ESTIMATED	FY 2021-22 REQUEST	FY 2022-23 PROJECTED	FY 2023-24 PROJECTED	FY 2024-25 PROJECTED
Beginning balance	$43,841,856	$51,966,440	$49,567,691	$49,461,005	$34,896,502	$20,331,999	$5,767,496
Annual CCDF Award	100,192,700	101,982,614	113,677,672	107,516,450	107,516,450	107,516,450	107,516,450
Total Available Funds	**$144,034,556**	**$153,949,054**	**$163,245,363**	**$156,977,455**	**$142,412,952**	**$127,848,449**	**$113,283,946**
Expenditures							
Base Expenditures by Division	92,068,116	104,381,363	113,784,358	114,702,257	114,702,257	114,702,257	114,702,257
Decision Items							
R8 Early childhood programs refinance [OSPB comeback]	n/a	n/a	n/a	$1,378,696	$1,378,696	$1,378,696	$1,378,696
R12 CCCAP ECE salary subsidy grant program [Pending]	n/a	n/a	n/a	3,000,000	3,000,000	3,000,000	3,000,000
R25 Colorado Works STEP (fund source adjustment) [Pending]	n/a	n/a	n/a	$3,000,000	$3,000,000	$3,000,000	$3,000,000
Total Expenditures	**$92,068,116**	**$104,381,363**	**$113,784,358**	**$122,080,953**	**$122,080,953**	**$122,080,953**	**$122,080,953**
Net cash flow	8,124,584	(2,398,749)	(106,686)	(14,564,503)	(14,564,503)	(14,564,503)	(14,564,503)
Ending balance	**$51,966,440**	**$49,567,691**	**$49,461,005**	**$34,896,502**	**$20,331,999**	**$5,767,496**	**($8,797,007)**

The primary observation from these tables is that even if the Committee denied all requested and recommended FY 2021-22 adjustments to CCDF expenditures, the trend of overexpenditures would remain. In essence, current spending level are unsustainable in the long-term.

CHILD CARE DEVELOPMENT FUND - JBC STAFF RECOMMENDATION							
	FY 2018-19 ACTUAL	FY 2019-20 ACTUAL	FY 2020-21 ESTIMATED	FY 2021-22 REQUEST	FY 2022-23 PROJECTED	FY 2023-24 PROJECTED	FY 2024-25 PROJECTED
Beginning balance	$43,841,856	$51,966,440	$49,567,691	$49,461,005	$39,275,198	$29,089,391	$18,903,584
Annual CCDF Award	100,192,700	101,982,614	113,677,672	107,516,450	107,516,450	107,516,450	107,516,450
Total Available Funds	**$144,034,556**	**$153,949,054**	**$163,245,363**	**$156,977,455**	**$146,791,648**	**$136,605,841**	**$126,420,034**
Expenditures							
Base Expenditures by Division	92,068,116	104,381,363	113,784,358	114,702,257	114,702,257	114,702,257	114,702,257
Decision Items							
R8 Early childhood programs refinance [OSPB comeback]	n/a	n/a	n/a	$0	$0	$0	$0
R12 CCCAP ECE salary subsidy grant program [Pending]	n/a	n/a	n/a	0	0	0	0
R25 Colorado Works STEP (fund source adjustment) [Pending]	n/a	n/a	n/a	$3,000,000	$3,000,000	$3,000,000	$3,000,000
Total Expenditures	**$92,068,116**	**$104,381,363**	**$113,784,358**	**$117,702,257**	**$117,702,257**	**$117,702,257**	**$117,702,257**
Net cash flow	8,124,584	(2,398,749)	(106,686)	(10,185,807)	(10,185,807)	(10,185,807)	(10,185,807)
Ending balance	**$51,966,440**	**$49,567,691**	**$49,461,005**	**$39,275,198**	**$29,089,391**	**$18,903,584**	**$8,717,777**

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Tom Dermody, JBC Staff (303-866-4963)
DATE	March 18, 2021
SUBJECT	Dept. of Human Services -- Information Requests from Figure Setting

During Figure Setting for the Department of Human Services on March 5, 2021, the Committee requested additional information on the following programs.

NURSE HOME VISITORS PROGRAM FUND

For balancing purposes, $4,237,375 was transferred from the Nurse Home Visitor Program Fund to the General Fund on July 1, 2020. Pursuant to Section 26-6.4-107 (2)(c), C.R.S., the General Assembly does not intend for General Fund to be appropriated to the Nurse Home Visitor Program for program implementation. In order to resort the funds used for balancing to the Fund, legislation is required.

CHILD CARE SERVICES AND SUBSTANCE USE DISORDER TREATMENT PILOT PROGRAM AND HIGH RISK PREGNANT WOMEN PROGRAM

The Committee asked if there was any connection between the Child Care Services and Substance Use Disorder Treatment Pilot Program (Pilot Program) and the High Risk Pregnant Women Program. Both programs are linked through H.B. 19-1193 (Behavioral Health Supports For High-risk Families), which expanded the High Risk Pregnant Women Program in the Office of Behavior Health and created the Pilot Program in the Office of Early Childhood. The High Risk Pregnant Women Program is a treatment program, whereas the Pilot Program is intended to assist in the provision of child care for children of women engaged in substance use disorder treatment. The Pilot Program (Section 26-6.9-101 *et seq.*, C.R.S.) repeals July 1, 2023.

IMPLEMENTATION OF H.B. 20B-1002

The Committee asked for an update on the implementation of stimulus programs funded during the 2020 Extraordinary Session. The Department provided the following information.

Child Care Relief Grant (CCRG) Program

HB20B-1002 created the COVID-19 Emergency Relief Grant Program for the child care sector to provide financial support to licensed child care providers in Colorado, to assist with additional costs and/or reduced revenue as a result of the COVID-19 pandemic. CDHS used these funds to provide open-ended sustainability grants to licensed child care programs to allow them to pay expenses as necessary such as rent, wages, cleaning supplies, and more. In order to be eligible for the State COVID-19 Emergency Relief Grant Program, licensed child care programs had to update their service status in the state-operated online portal to certify that they were (or would be) open and operating by 2/28/2021.

4,093 programs applied and were determined to be eligible for the State COVID-19 Emergency Relief Grant Program. The grant awards were determined based on the number of providers in this eligible pool, using the licensed capacity of the program and the Colorado Shines QRIS rating level to determine the award amount.

FY 2020-21 State-Funded COVID-19 Emergency Relief Grant Program				
Licensed Capacity	Colorado Shines Level 1 & 2 Grant Amount	Colorado Shines Level 3 Grant Amount	Colorado Shines Level 4 Grant Amount	Colorado Shines Level 5 Grant Amount
Fewer than 15	$900.00	$945.00	$990.00	$1,035.00
15 - 39	$3,000.00	$3,150.00	$3,300.00	$3,450.00
40 - 59	$8,250.00	$8,662.50	$9,075.00	$9,487.50
60 - 89	$13,500.00	$14,175.00	$14,850.00	$15,525.00
90 - 149	$18,100.00	$19,005.00	$19,910.00	$20,815.00
150+	$29,800.00	$31,290.00	$32,780.00	$34,270.00

Of the 4,093 programs who applied and were determined eligible, 3,907 completed grant certification forms and provided the necessary banking information to receive the grant. Grant payments were issued February 26, 2021, and received by providers beginning March 1, 2021. A total of $33,554,857.50 in grant funding was distributed to licensed providers.

Additionally, $300,000 was distributed to Neighborhood Youth Organizations (NYO) that applied and certified their operating status as open. The payments went to 12 NYO clubs representing 46 sites. The base amount per site was $13,400, and clubs with more than 2 sites were capped at $35,000 total.

Expanding and Emerging Grant Program

The Emerging and Expanding Child Care Grant Program has been created for the purpose of expanding access and availability of licensed child care throughout Colorado and especially in areas where there are child care deserts. Eligible programs may apply and include: 1) Currently open and operating licensed programs, serving children birth to five, with a permanent or provisional license which are expanding their current licensed capacity; OR 2) An applicant actively pursuing a child care license through the Division of Early Care & Learning Child Care Licensing Division.

Currently licensed programs and those who are actively seeking a child care license will be eligible for a grant award from $3,000 up to $50,000 to pay for expenses related to the expansion of current capacity or the opening of a new child care program. Programs must serve children ages birth to five to be eligible.

Child Care Licensing Specialists and Early Childhood Councils will provide support at the local level including offering consultation to prospective programs on how to become licensed, and assisting existing child care programs to expand their licensed capacity. Contracts have been executed with 33 of the 34 Early Childhood Councils to implement the grant program. The remaining contract is in process.

The grant application opened on February 4, 2021, and the first grant was approved February 23, 2021.

Grant Statistics through March 12, 2021

Total Budget Allocation	$8,751,329
Total Allocations to Date	$149,980
Total Remaining Funds	$8,601,349
Number of Applications Received	67
Number of Applications Eligible	4
Number of Applications Ineligible *	12
Number of Applications Under Review	51
Additional licensed capacity created	148

Priority Areas for Funding

To qualify for an Emerging or Expanding grant, programs must submit an application to request funds for their project, to include a full explanation and budget. Awards will be issued based on the following:

- Opening a new licensed family child care home that will serve children birth to age 5.
- Opening a new licensed child care center that will serve children 6 weeks to age 5.
- Opening a new licensed classroom in an existing child care center that will serve children between the ages of 6 weeks and 5 years (reopening an existing classroom does not qualify).
- Changing the license-type for a family child care home to serve more children
- Related projects, not described above, that will increase the number of licensed child care slots that will serve children to age 5.

Allowable Uses of Grant Funding

Programs that choose to apply for the Emerging and Expanding Child Care Grant must explain how the proposed project will assist with increasing the number of child care slots for children birth to age five in Colorado. Allowable costs include any costs associated with the expansion of child care capacity within a Colorado community, especially those that are in child care desert, rural, or underserved areas of the State. Programs must provide a detailed explanation of their project as well as provide a budget completed on the available template accessible through the grant application.

The Application Process

The Office of Early Childhood worked with developers throughout January to create an application for providers to complete. This Application sits on the Colorado Shines website and is available to access for any program holding a pending or permanent child care license.

Programs applying for the Emerging and Expanding grant log into ColoradoShines.com, and then select the Available Grants tab. This will take the applicant to the grant application for the Emerging and Expanding Child Care grant and will guide applicants through the process.

Role of the Licensing Specialist/Supervisor

- Initial review of the application for eligibility.
- Document status within the database notes section throughout each process of review.
- Collaborate with the Early Childhood Council to review project details.
- Communicate with the applicant to ensure application information is accurate.
- Complete a Licensing review with supplied consultation guide.

- Check for appropriate documentation (i.e. original inspection, change of capacity, change of license type) for the new license or the request for expansion.

Role of the Early Childhood Council

- Collaborate with the Licensing Specialist.
- Review application details and descriptions.
- Review budget details for accuracy.
- Communicate with the program throughout the application process.
- Upon application eligibility, issue the Memorandum of Understanding for signature by Program, Council, and Licensing Supervisor.
- Provide support to Program to complete the project description.
- Manage the budget details by gathering the appropriate documentation.
- Submit invoices for reimbursement of expenditures to the Office of Early Childhood.
- Work with the Child Care Quality Unit to approve Capital Expenditures and invoices.

IMPLEMENTATION OF H.B. 20B-1003

The Committee asked for an update on the implementation of stimulus programs funded during the 2020 Extraordinary Session. The Department provided the following information.

Upon passage of HB 20B-1003, the Department received a $5,000,000 General Fund appropriation to provide funds to food banks and pantries serving Coloradans seeking food amid the COVID-19 Pandemic. Of the total appropriation, $4,930,000 was earmarked for grants to food banks and pantries, and $70,000 for the Department's administrative costs. Following an immediate procurement process, upon receipt of the funds, the Department awarded $4,755,278 to nearly 200 food banks and pantries in January 2021 to provide emergency hunger relief across Colorado. There were a few rural counties with no applications submitted. Therefore, the Department held back $174,722 to provide funds to those communities following outreach to food pantries in those rural counties. If any funds remain unencumbered in mid-April, they will be allocated to existing grantees. The $70,000 for the program administration is being spent each month for staffing and other administrative costs. Mid-term grant reports from the grantees are due to the Department on April 15, 2021; final reports on June 30, 2021. Program-specific data will be shared when it is available.