

MEMORANDUM



JOINT
BUDGET
COMMITTEE

TO Joint Budget Committee Members
FROM JBC Staff
DATE April 10, 2024
SUBJECT Potential Legislation Packet 18

This packet includes bill drafts and related memos for the Committee’s consideration. Each individual item has page numbers but also a packet page number to help navigate the whole document. The page numbers below refer to the packet page number.

POTENTIAL LEGISLATION

LLS 24-1129 Audit Judicial Collection Enhancement Fund (Kemmer) 1

History Colorado Storage Facility Move Legislation Memo (Lowe) 4

Finish What You Started Program Statutory Changes Memo (Bickel) 5

Update on Change ARPA Programs and ARPA Swap Bills Memo (Bickel) 8

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

DRAFT
3/27/24

DRAFT

LLS NO. 24-1129.01 Jed Franklin x5484

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: Audit Judicial Collection Enhancement Fund

A BILL FOR AN ACT

101 CONCERNING A STATE AUDIT OF THE JUDICIAL COLLECTION
102 ENHANCEMENT FUND.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The bill requires the state auditor to conduct an audit of the judicial collection enhancement fund (fund) to diagnose spending patterns and assess changing revenue conditions. The audit must include an analysis of expenditures made from the fund and revenue to the fund during fiscal years 2019-20 through 2023-24, and projected expenditures from the fund and revenue to the fund during

*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.*

fiscal years 2024-25 through 2028-29. The state auditor shall provide recommendations about the fund's sustainability, fiscal and program management improvements, and revenue enhancements. The audit must begin no later than July 1, 2024, the report must be complete by September 30, 2024, and the state auditor must present the report to the legislative audit committee <{Should this be the LAC or JBC or both?}> by November 1, 2024. The fund must pay for the cost of the audit.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 2-3-129 as
3 follows:

4 **2-3-129. Audit of judicial collection enhancement fund -**
5 **repeal.** (1) ON OR BEFORE JULY 1, 2024, THE STATE AUDITOR SHALL
6 BEGIN AN AUDIT OF THE JUDICIAL COLLECTION ENHANCEMENT FUND,
7 CREATED IN SECTION 16-11-101.6 (2). THE AUDIT MUST EXAMINE:

8 (a) REVENUE TO THE FUND FOR FISCAL YEARS 2019-20 THROUGH
9 2023-24, AND THE PROJECTED REVENUE FOR FISCAL YEARS 2024-25
10 THROUGH 2028-29, TO ASSESS CHANGING REVENUE CONDITIONS AND
11 REASONS FOR REVENUE INCREASES OR DECREASES; AND

12 (b) EXPENDITURES FROM THE FUND FOR FISCAL YEARS 2019-20
13 THROUGH 2023-24, AND PROJECTED EXPENDITURES FOR FISCAL YEARS
14 2024-25 THROUGH 2028-29, TO DIAGNOSE SPENDING PATTERNS AND
15 OTHER FACTORS THAT HAVE LED TO THE FUND'S CURRENT
16 UNSUSTAINABILITY.

17 (2) THE AUDIT MUST PROVIDE RECOMMENDATIONS RELATING TO
18 THE FUND'S SUSTAINABILITY, FISCAL AND PROGRAM MANAGEMENT
19 IMPROVEMENTS, AND REVENUE ENHANCEMENT.

20 (3) THE STATE AUDITOR SHALL PREPARE A REPORT AND
21 RECOMMENDATIONS BY SEPTEMBER 30, 2024, AND SHALL PRESENT THE
22 REPORT AND RECOMMENDATIONS TO THE COMMITTEE BY NOVEMBER 1,

1 2024. <{*This could be the JBC or both committees instead.*}>

2 (4) THE JUDICIAL COLLECTION ENHANCEMENT FUND SHALL PAY
3 THE COSTS OF THE AUDIT CONDUCTED PURSUANT TO THIS SECTION.

4 (5) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2025.

5 **SECTION 2.** In Colorado Revised Statutes, 16-11-101.6, **amend**
6 (2) as follows:

7 **16-11-101.6. Collection of fines and fees - methods - charges**
8 **- judicial collection enhancement fund - definition - repeal.** (2) (a) All
9 time payment fees and late penalty fees collected shall be credited to the
10 judicial collection enhancement fund, which fund is hereby created in the
11 state treasury. In addition, reasonable costs incurred and collected by the
12 state shall be credited to the fund. The general assembly shall make
13 annual appropriations from the fund to the judicial department for
14 administrative and personnel costs incurred in collecting restitution, fines,
15 costs, fees, and other monetary assessments. At the end of any fiscal year,
16 all unexpended and unencumbered ~~moneys~~ MONEY and any interest shall
17 remain in the fund for appropriation to the judicial department for
18 ongoing enforcement and collection of restitution, fines, fees, costs,
19 surcharges, and other monetary assessments.

20 (b) (I) THE FUND SHALL PAY THE COSTS OF THE AUDIT CONDUCTED
21 PURSUANT TO SECTION 2-3-129.

22 (II) THIS SUBSECTION (2)(b) IS REPEALED, EFFECTIVE JULY 1, 2025.

23 **SECTION 3. Safety clause.** The general assembly finds,
24 determines, and declares that this act is necessary for the immediate
25 preservation of the public peace, health, or safety or for appropriations for
26 the support and maintenance of the departments of the state and state
27 institutions.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Louellen Lowe, JBC Staff (303-866-2981)
DATE April 9, 2024
SUBJECT Proposed Legislation for History Colorado Storage Facility Move

During Figure Setting on March 7, 2024, the Joint Budget Committee approved staff recommendation which denied funding for the History Colorado Storage Facility Lease change request due primarily to the absence of a suitable facility to lease. On March 21, 2024, the Joint Budget Committee approved OSBP comeback #24, Department of Revenue Space Planning & History Colorado State Collection Care & Storage Facilities. This approval provided \$500,000 General Fund for History Colorado to lease the soon-to-be-vacated Department of Revenue facility at 1881 Pierce St. which would be deposited into the capitol complex fund. This also provided \$365,000 General Fund for the Department of Revenue for costs associated with moving to new facilities as well as for new leases. Additional funding related to the DOR co-location and consolidation (\$3.5 million) was not approved by the Committee. This funding is necessary for this plan to work.

To achieve these relocations, History Colorado and the Office of State Planning and Budgeting recommend the following:

- History Colorado provides a zero interest loan from the State Museum Cash Fund deposits of facility sales to Department of Revenue (DOR) of \$1.6 million for capital construction costs.
 - Requires a broadening of the cash fund statute to allow for this use.
 - **Contingent** on DOR receiving an appropriation of just under \$2.0 million for capital construction for the AHEC location.
- DOR's lease for space in the Colorado Department of Transportation (CDOT) facility would be temporarily decreased by \$0.4 million for four years beginning in FY 2025-26; this would then be used to repay the History Colorado loan over four years.
 - Requires the bill to stipulate the reduction in funding and to indicate the dates of loan repayment over four years as well as the restoration of the lease funding beginning in FY 2029-30.
- The State Museum Cash Fund balance must be permitted to dip below \$3.5 million on July 1, 2027, to accommodate the cash flow for the loan to DOR.
 - Requires a statutory change.
- Appropriations to be made:
 - Just under \$2.0 million to the Department of Revenue for capital construction costs (presumably from the Capital Construction Fund)
 - \$9.3 million State Museum Cash Funds, which accounts for a \$1.6 million loan from this fund to DOR, to History Colorado for renovation and moving costs at 1881 Pierce.

Staff requests permission to work with Legal Services and other interested parties to pursue JBC-sponsored legislation which would attempt to facilitate the move per the requirements listed above.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Amanda Bickel, JBC Staff (303-866-4960)
DATE April 10, 2024
SUBJECT Revision to Higher Education Finish What You Started Program Statutory Changes

RECOMMENDATION: In light of a \$10.0 million reduction to the Finish What You Started Program approved by the JBC on March 21, JBC staff recommends further adjustments to the legislative changes that were approved by the JBC on March 11, 2024. The changes first approved by the JBC were designed to broaden access to this program. The new changes are designed to ensure that students currently enrolled in the program do not lose related financial aid and student supports mid-stream. Among other recommendations that are discussed at the end of this memo, the staff recommendation includes redirecting up to \$4.5 million in Need Based Grants over two years to support affected students.

BACKGROUND – H.B. 21-1330: House Bill 21-1330, codified at Section 23-3.3-1006, C.R.S., allocated \$49,000,000 in federal State and Local Fiscal Recovery Funds (ARPA funds) for a program that was dubbed “Finish What You Started”. As outlined in statute, the program is for any Colorado resident undergraduate who:

- Earned some postsecondary credits from a public or private higher education institution but did not complete a credential requiring thirty credits or more before deciding not to enroll for two or more consecutive semesters; or
- Were admitted to a public institution of higher education as a first-time student for the 2019-2020 or 2020-2021 academic year but did not enroll at any institution for the 2020-2021 academic year.

Additional provisions:

- Based on the ARPA funding source, the program was ultimately restricted to those who experienced an economic loss due to the pandemic, requiring participants to certify to this, and, in general, to be eligible for a federal Pell grant.
- Statute dictated the formula for distributing the funds to institutions, based on FY 2019-20 headcount and FTE enrollment, with some related discretion provided to the COSI Board. Institutions were required to submit plans for using the funds to the COSI Board for its approval. These were to describe proposed uses for scholarships and student supports, with the intent that the greater percentage be spent as scholarships.
- The bill took effect in late FY 2020-21 and funding remains available through FY 2025-26.

As outlined in a staff presentation on February 5, 2024, the program faced a variety of challenges, particularly due to mid-process rule changes and bureaucracy related to the use of the federal funds.¹ According to the program’s annual report, as of June 2023, two years after the program’s enactment and 40% of the way through the five years allowed for the program, a cumulative total of 3,559

¹ <https://leg.colorado.gov/sites/default/files/arpa-02-05-24.pdf> - Page 3 of Higher Education Memo (page 12 of pdf).

APRIL 10, 2024

students had been served (24.1 percent of the original goal), and 732 credentials completed (8.3 percent of the original goal).

JBC ACTION TO-DATE:

February 5, 2024 Staff Presentation and JBC Action: Staff included a memo, as part of a larger collection of staff presentations about ARPA funds, that addressed a proposal from the Governor's Office to reduce program funding by \$5,647,030 based on spending projections. The Committee indicated that it did not wish any funding to be reduced and wished institutions that had withdrawn (Colorado School of Mines and a community college) to be given the opportunity to rejoin the program, as well as adding clarifying language that federal restrictions would not apply to the program after July 1, 2024.

March 7, 2024 Higher Education Figure Setting (presented March 11): Based on the JBC's February action, staff provided recommendations for statutory changes that would loosen requirements for participation in the program to ensure funds would be fully and effectively used. The JBC voted to approve the recommended statutory changes and to include the changes in a forthcoming "Change ARPA Programs" bill.

March 21, 2024, Closing the Long Bill: The JBC moved to reduce the Finish What You Started Program by \$10.0 million, to be included in the "Change ARPA Programs" Bill. This "recapture" made \$10.0 million one-time General Fund available for budget balancing. At the time, staff expressed uncertainty about whether a cut of this magnitude would result in the State not following through on a multi-year commitment to students for financial aid. The Department and OSPB were unable to provide related data or analysis before the JBC closed the budget.

Information Received the weeks of March 25 and April 1, 2024: Based on additional data solicited from institutions, it appears that \$5.5 million of the \$10.0 million can be reduced without impacting existing students but that **up to \$4.5 million is required to see existing students through the completion of their academic program.**

To address this situation, **staff recommends the following significant changes to the "Change ARPA Programs" bill that is currently being prepared to modify this program.**

- Add a provision to the bill that requires the Department of Higher Education to redirect up to \$4.5 million in Need Based Grant funding "off the top" to support completion of the students who are currently enrolled in the Finish What You Started Program. The funds required would be diverted from Need Based Grant funding to the extent required in FY 2024-25 and FY 2025-26, with the total cost over the two years not to exceed \$4.5 million.
- The amount diverted would include the funding required for both student scholarships and student support services. Consistent with the original Finish What You Started legislation, student support service costs must be less than student scholarships. Statutory language should be included in the bill to ensure that spending for student support services remains in an appropriate ratio with the expenditures required for student scholarships.
- Changes the Committee previously voted to adopt to make the program open to more students should be scrapped, since the program will now focus on closing-out students who are already in the program. Provisions that allow for reductions in paperwork (because the program will no

longer be federally-funded) can be maintained, although the impact of these change may not be large.

- The bill should also include provisions allowing the COSI Board to allocate cuts based on estimates of funding required for completion of students who are in the program in FY 2023-24, and these provisions should allow reallocation of resources by the COSI Board from institutions that underspend to those that are expected to require more resources. This will limit the need to use Need Based Grants funding.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Amanda Bickel, JBC Staff (303-866-4960)
DATE April 10, 2024
SUBJECT Update – Small modifications to “Change ARPA Programs” and ARPA “Swap” Bills

Staff continues to work on finalizing two bills for the Committee related to federal Coronavirus State and Local Fiscal Recovery Funds included in the American Rescue Plan Act (ARPA Funds):

- Refinance Federal Coronavirus Recovery Funds (LLS24-0966.01) – 03/12/24 draft presented with a memo on March 15, 2024 (<https://leg.colorado.gov/sites/default/files/arpa-03-15-24.pdf>). This bill is focused solely on “swapping” dollars between ARPA funds and General Fund and includes changes to funding for 140 program appropriations and transfers (funds totaling \$1.429 billion), as well as federal ARPA funds appropriation for centrally-appropriated personal services for FY 2023-24 and FY 2024-25 for several departments (funds totaling \$1.637 billion).
- “Change ARPA Programs” Bill which includes various changes to statute and appropriations to programs that were originally financed with ARPA dollars. This includes extensions of programs and spending authority past December 30, 2024, (or other dates), “recaptures” which reduce transfers and appropriations for programs based on JBC decisions, and other changes, such as to the Finish What You Started Program in the Department of Higher Education. Most of the changes in this bill were reviewed by the JBC as part of consolidated staff presentations on February 5, 2024, although in some cases JBC decisions on these items occurred at a later date (e.g., as part of staff figure setting presentations).
<https://leg.colorado.gov/sites/default/files/arpa-02-05-24.pdf>

Staff expects to have final versions ready for the JBC’s review and introduction next week. As staff works through the details of these two bills, staff wishes to make the Committee aware of small adjustments and to obtain Committee approval for additional changes to include in the bill drafts.

FINAL AMOUNTS FOR BALANCING PROVIDED BY THE TWO BILLS

A transfer from the General Fund for state employee Family and Medical Leave Insurance (\$400,000) was inadvertently omitted from balancing calculations, the total “recapture” related to FAMLI has declined by \$100,000, and the prior-year reversion figure has been slightly increased. **With these exceptions, the total one-time General Fund savings generated by these two bills has not changed from when the JBC closed the budget. The General Fund impact is shown below. In net, the impact of these two bills is**

ONE-TIME GENERAL FUND SAVINGS FROM ARPA BILLS		GENERAL FUND
ARPA “SWAP” BILL - REFINANCE FEDERAL CORONAVIRUS RECOVERY FUNDS		
CALCULATION OF RESULTING ONE-TIME GENERAL FUND		
ARPA funds appropriated to departments for personal services in FY 2024-25, resulting in equal General Fund reduction to appropriations in FY 24 & FY 25		(\$1,637,086,656)
Money originating as General Fund to be increased and money originating as ARPA to be reduced for 140 ARPA transfers/appropriations		1,429,325,218
Total - One-time General Fund Savings		(\$207,761,438)
UNCOMMITTED ARPA FUNDS = COMPONENTS OF ONE-TIME GENERAL FUND SAVINGS		
Prior year ARPA funds that reverted prior to FY 2023-24		\$12,423,117
ARPA funds not allocated at end of 2023 legislative session		144,819,658
Less FY 2023-24 ARPA funds appropriations in 2023 special session and 2024 regular session (HB 23B-1001 & HB 24-1197 Public Safety Supplemental)		(19,826,100)
Reductions to Existing ARPA Programs ("Recaptures") to be Available in General Fund (<i>see detail below</i>)		70,344,763
Total – Uncommitted ARPA Funds (=One-time General Fund Savings)		\$207,761,438

ARPA-FUNDED PROGRAM REDUCTIONS (FUNDS “RECAPTURED”)			ARPA FUNDS
ADJUSTMENTS IN CHANGE ARPA PROGRAMS BILL			
BHA	SB22-181	Behavioral Health Care Workforce: Behavioral Health Aide Program	(\$1,719,334)
BHA	HB-22-1243	I Matter Program	(454,630)
CDHE	SB21-232	Colorado Opp. Scholarship- Displaced Workers Grant	(663,719)
CDHE	SB 21-1330	Finish What You Started	(10,000,000)
CDHS	HB22-1283	In-Home and Residential Respite Care Services for Foster Care Children and Youth	(7,800,000)
CDHS	HB22-1303	Increase Residential Behavioral Health Beds - Contract Beds	(22,299,160)
CDHS	HB22-1303	Increase Residential Behavioral Health Beds - State Residential Facilities	(3,809,582)
CDHS	HB22-1303	Increase Residential Behavioral Health Beds- Fort Logan	(6,578,266)
CDHS	SB22-183	Survivor Support Capacity at Culturally-Specific Community Organizations	(495,000)
CDPHE	SB22-226	Healthcare Workforce Recruitment and Re-engagement Effort	(3,880,000)
CDPHE	SB23-214	Vital Records Fee Relief for FY 2023-24	(1,203,409)
DOLA	SB23-124	Supplemental State Emergency Rental Assistance	(8,000,000)
DPA	HB22-1329	Round 1: State Capital Facilities Project Funding	(2,341,663)
CDLE	SB 23-234	State Employee Insurance Premiums	(1,100,000)
Total Recapture			(\$70,344,763)

In addition to the ARPA program reductions in the *Change ARPA Programs Bill*, which increase the General Fund available through the *ARPA Swap bill (Refinance Federal Coronavirus Recovery Funds)* the there is a one-time \$400,000 transfer *from* the General Fund to the Change ARPA Programs Bill for the CDLE FAMILI state employee insurance programs.

The table below compares the JBC’s original placeholder for the ARPA bills with the revised staff recommendation.

COMPARISON WITH PRIOR JBC ACTION	
Placeholder for ARPA Bills for Long Bill introduction	\$197,840,484
Placeholder for Finish What You Started Reduction	<u>10,000,000</u>
Total - Placeholders in LB Package	\$207,840,484
Revised Placeholder for ARPA Bills (including Finish What You Started)	\$207,761,438
General Fund Transfer for FAMLI state employee premiums	<u>(400,000)</u>
Total - Revised Placeholders for ARPA Bills	\$207,361,438
New General Fund Placeholder Above/(below) Intro Budget Package	(\$479,046)

ADDITIONAL CHANGES RECOMMENDED FOR CHANGE ARPA PROGRAMS BILLS

The Change ARPA Programs Bill will include the following items on which the JBC has already acted:

- The “Recapture” changes listed in the ARPA Program Reductions table shown above
- Multiple roll-forwards approved based on the February 5, 2024 presentations to the JBC

Based on additional information now available, staff also recommends several updates to the contents of the Change ARPA Programs Bill.

- Further statutory modifications to the CDHE Finish What You Started Program to align with the JBC decision to removed \$10.0 million from the program. These adjustments are discussed in a separate memo.
- Statutory and appropriation clause changes to align with “swaps” that have been included in the swap bill (Refinance Federal Coronavirus Recovery Funds) but which require program changes to effectuate the swap (typically statutory or appropriation clause changes to allow for roll-forwards). The proposed additional changes are reviewed below.

Colorado Department of Education Behavioral Health Care Professional Matching Grant Program S.B. 147 and H.B. 22-1243 added \$7.0 million for this program. The Department of Education has requested that you extend spending authority through December 31 2026, as current appropriations clauses extend through December 30, 2024. As currently operated, while the program receives annual appropriations of \$15.0 million, grantees receive funds for several years once awarded a grant. In order to allow programs that received awards to use the funds effectively over multiple years, the Department requests permission to use funds past the current federal obligation deadline and incorporate funds in the “swap”. Staff understands that the Department would also like to increase the funds that may be used for administration to 5.0 percent of the total, rather than 3.0 percent.

Other Items from OLLS

H.B. 22-1386 (Measures Related to Competency to Proceed) includes appropriations of \$28.6 million and \$800,000 in federal ARPA funds for purchase of inpatient bed capacity and a feasibility study related to renovating a facility in Adams County.

OLLS Questions: It appears to swap money for a study that was (required to be) completed by September 15, 2022. Regardless of whether the study is completed, the statute repeals December

31, 2024, so if the swapped money is intended to be used after 2024, it requires a statutory change to extend the repeal.

Section 16-8.5-123:

(1) authorizes the department of corrections to spend ARPA money to contract for competency services inpatient beds and for additional inpatient beds for individuals receiving mental health care and treatment; and

(2) requires a feasibility study of renovating and staffing a facility in Adams county to provide inpatient beds for competency services and individuals receiving mental health care and treatment. The department must receive the results from the feasibility study on or before September 15, 2022

Section 16-8.5-123 is scheduled for repeal on December 31, 2024.

- From the information provided by the executive branch, it appears that the money is being swapped from HB 22-1386, bill section 6 (2). This appropriation is for the feasibility study in section 16-8.5-123 (2) ("the office may use this appropriation to contract for a feasibility study of renovating a facility in Adams county to provide inpatient beds for competency services provided pursuant to section"). The appropriation clause permits spending the money until December 30, 2024.
- Does the GA want to extend the time to spend this money beyond either the statutory repeal deadline or the deadline to spend in the appropriation clause? Is there a reason to swap and extend, if the report is already completed?

S.B. 22-226 (Programs to Support Health-care Workforce) requires a statutory change to align with the roll-forward. SB 22-226, in part, created the practice-based health education grant program in section 25-1.5-407. Pursuant to section 25-1.5-407 (5)(b), ARPA money that is appropriated for the program "May be used by the department in the 2023-24 or 2024-25 state fiscal year without further appropriation". According to the information provided by the executive branch, the appropriation is included in SB 22-226 section 12 (1)(c). The appropriation clause does not include roll forward spending authority.

S.B. 22-196 (Health Needs of Persons in Criminal Justice System) requires a statutory change to align with the roll-forward.

OLLS Questions: Swapping money for a section that is repealed soon: June 30, 2024

- Section 3 of SB 22-196 added section 17-1-113.8 (4), which requires a \$3 million appropriation of ARPA money to DOC to provide medication-assisted treatment to individuals who are placed in the custody of DOC.
- Section 17-1-113.8 (4)(a) permits DOC to spend the money through FY 23-24.
- Section 17-1-113.8 (4)(b) sets forth the permissible uses of the money
- Pursuant to section 17-1-113.8 (4)(c), this subsection (4) is repealed on June 30, 2024.
- The money appropriated for this section is in SB 22-196 section 12 (5), which permit the money to be spent until December 30, 2024.
- If the GA intends that DOC continue to spend this money, either until December 30, 2024, as set in the appropriation clause or a later date, the statutory roll forward authority and repeal date should align with the deadline to spend the money.

- If the GA intended that DOC not spend this money after June 30, 2024, the appropriation clause should be amended to align with the statutory roll forward spending authority.

H.B. 22-1356 (Small community-based Nonprofit Grant Program– Would benefit from clarification that funds may be used through December 31, 2026. Statutory provisions allow roll-forward consistent with federal deadlines, but the appropriation clause is limited to December 30, 2024.