



Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee
From: Amanda Bickel, JBC Staff (303-866-4960)
Date: January 23, 2025
Subject: Adjustments to Appropriations and Transfers in H.B. 24-1466 (Refinance Federal Coronavirus Recovery Funds)

Request: The Governor's Office has submitted information on adjustments that are required to appropriations in H.B. 24-1466 (Refinance Federal Coronavirus Recovery Funds). **Most of these adjustments have a net \$0 fiscal impact**, because they simply move money between fiscal years, adjusting details of the original "big swap" without increasing or decreasing total allocations by program.

However, the request does reflect some savings from money originally allocated for the various ARPA programs.

- General fund savings totaling \$10,632,298 resulting from reversions of federal funds from programs in FY 2023-24.
- General Fund savings of \$13,988,257 resulting from reversions of *refinanced* funds in FY 2024-25.

These amounts include both funds reverted because the spending period has passed and some funds that are proposed to be "recaptured" because they are not expected to be spent.

These amounts exceed the figure included in the Governor's January 2 letter by approximately \$4.0 million. OSPB staff also state that some additional reversions may be identified in the next two weeks.

Recommendation: **Staff recommends the adjustments proposed, except for items for which the request requires a legislative adjustment to "recapture" funds; for these items, staff will bring recommendations under separate cover.** The JBC previously authorized drafting for a bill to make any necessary technical changes to ARPA related legislation (changes previously included in H.B. 24-1465 and H.B. 24-1466). The attached spreadsheet summarizes the changes in the Governor's January 15, 2025 request and staff's recommendation. *Staff will bring a draft of the bill to the Committee for action once drafting is complete.*

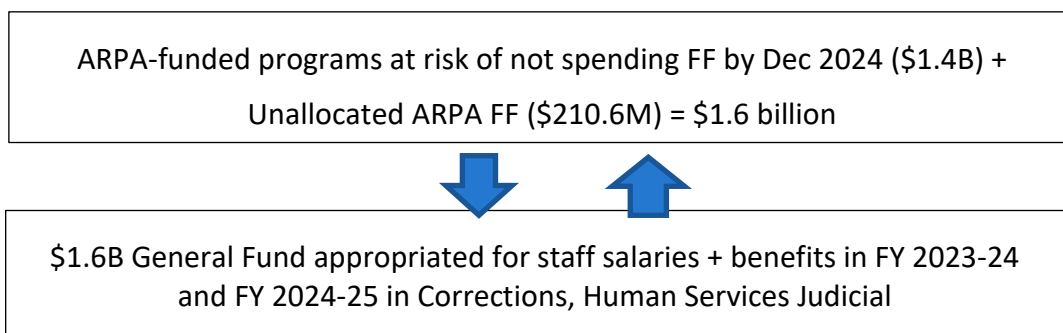
In addition to the adjustments requested by the Governor's Office, staff expects to include any technical fixes identified and proposes to include transfers and appropriations changes to

ARPA-related programs that the Committee approves during other staff supplemental presentations that fit within the bill's title.

Background: In 2021, Colorado received \$3,828,761,790 in federal Coronavirus State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA funds) that were deemed subject to appropriation by the General Assembly. The General Assembly allocated most of the \$3.8 billion in federal ARPA funds during the 2021, 2022 and 2023 legislative sessions in more than 75 bills in six major categories, each of which was associated with one or more cash funds: economic recovery and relief; workers, employers and workforce centers; behavioral and mental health; affordable housing and home ownership; revenue loss restoration (allocated for general government services); and transportation. In addition, \$370.0 million was allocated for flexible use by the Governor.¹

During the 2024 legislative session, in response to updated federal rules and guidance, Colorado took steps to ensure that the federal funds were expended as quickly as possible—generally by January 2025. Specifically, \$1.6 billion that was at risk of not being expended by federal deadlines was “swapped” for General Fund in H.B. 24-1466 at the end of FY 2023-24/beginning of FY 2024-25.

The “Big Swap”: Under [House Bill 24-1466](#) federal ARPA funds that were previously allocated to specific ARPA-supported programs were used to refinance state General Fund appropriations for personal services in the Departments of Corrections, Human Services, and Judicial for FY 2023-24 and FY 2024-25. Spending federal funds this way “freed” General Fund to support the programs that were previously supported by the federal funds. This is the “swap”.



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

¹ For additional detail see Appendix D2 of the FY 2024-25 Appropriations Report on the allocation of ARPA funds as well as \$0.6 billion of one-time state General Fund money associated with the same programs.

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- June 30, 2024: \$1.4 billion **federal funds** that were previously allocated were consolidated into a single fund, along with unallocated federal funds, ensuring that \$1.6 billion federal funds was available in the American Rescue Plan Act of 2021 Cash Fund. (FY 2023-24 impact)
- July 1, 2024: \$1.4 billion **General Fund** was transferred into the various ARPA program funds to backfill the federal funds transferred on June 30, 2024. (FY 2024-25 impact).
- FY 2023-24 appropriations: \$1,018,000,000 federal funds appropriated and General Fund appropriations for personal services reduced in three departments
- FY 2024-25 appropriations: \$587,182,048 federal funds appropriated and General Fund appropriations for personal services reduced in three departments

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

Requested Adjustments to the Big Swap: Programs that were refinanced in H.B. 24-1466 had appropriations that could be used over multiple fiscal years, including at least FY 2023-24 and FY 2024-25. The Governor's Office could estimate—but could not be certain—which program expenses would be completed in FY 2023-24 versus FY 2024-25 and also could estimate—but could not be certain—which of those expenses would be completed as federal funds versus General Fund (after funds were refinanced). H.B. 24-1466 was drafted so as to avoid having the General Assembly come back into special session. As part of that, programs were authorized to overexpend federal funds in FY 2023-24 if necessary, with related restrictions applied in FY 2024-25 and an expectation that appropriations would be adjusted during the 2025 session to true-up differences in timing and fund sources.

As of the end of FY 2023-24, multiple programs had spent more federal ARPA funds in FY 2023-24 than anticipated, driving various true-up adjustments with a net \$0 fiscal impact.

Staff recommends the following adjustments which have a net \$0 General Fund impact:

Increase program appropriations/transfers from ARPA funds and reduce program appropriations/transfers originating as General Fund to address overexpenditures of ARPA funds in FY 2023-24: Appropriations and other allocations from federal ARPA funds for multiple programs must be *increased* by \$74,995,938 to address their actual expenditure of ARPA funds in FY 2023-24. Appropriations originating as General Fund for these same programs (to be expended in FY 2024-25 and subsequently) must be *reduced* by the same amounts.

Reduce the "swap" in personal services line items in Corrections and Human Services due to the increased ARPA expenditures by programs. Personal services appropriations from ARPA funds in FY 2024-25 must be reduced by \$74,995,938, reducing the FY 2023-24 General Fund offset by the same amount, because programs spent more federal funds in FY 2023-24 than the Governor's Office anticipated. The request proposes to operationalize this by: (1) Eliminating the ARPA personal services appropriation for the Department of Human Services for FY 2024-25

(\$63,182,048); and (2) Reducing the ARPA personal services appropriation for the Department of Corrections for FY 2024-25 by \$11,813,890 (the balance of the \$75.0 million program overexpenditure).

The table below summarizes these adjustments.

Legislation to be Amended for Over Expenditures						
Agency	State Bill	Appropriation Clause Citation	Transfer Clause Citation	SUM of SLFRF Overexpenditure Amount for Supplemental Adjustment (to JBC Jan 15)	SUM of SLFRF amount After Over Expenditure Adjustment	SUM of GF amount After Over Expenditure Adjustment
CDE	HB22-1243	Section 4 (3)	-	\$259,298	\$1,015,335	\$984,665
	SB22-147	Section 5 (2)	-	\$535,220	\$2,018,639	\$2,981,361
CDEC	HB22-1369	Section 2	-	\$43,725	\$543,725	\$1,456,275
CDHE	SB22-147	Section 5 (1)	-	\$83,749	\$269,680	\$4,330,320
CDHS	HB22-1303	Section 5 (1)(a)	-	\$60,629	\$1,129,244	\$1,430,432
	HB24-1466	Section 50 (1) & (2)		(\$63,182,048)	\$ -	\$ -
CDOT	SB21-260	-	Section 7(7)(a)(I)	\$10,973,582	\$110,473,582	\$49,026,418
CDPHE	HB22-1326	Section 56 (10)	-	\$764,366	\$13,005,366	\$6,694,634
		Section 56 (11)	-	\$279,454	\$1,839,935	\$4,160,065
	SB22-147	Section 5 (3)	-	\$177,250	\$1,011,764	\$488,236
CDPS	SB23-214	PART XVIII (6)(A) Program Administration	-	\$30,226	\$30,226	\$1,779,428
DNR	HB22-1379	-	Section 1(a)(I)	\$32,988	\$32,988	\$2,967,012
DOC	HB24-1466	Section 48 (1) & (2)		(\$11,813,890)	\$312,186,110	\$ -
	SB22-196	Section 12 (5)	-	\$54,778	\$500,652	\$2,499,348
DOLA	HB21-1271	Section 12 (1)	Section 9 (6)(a)(I)	\$3,172,317	\$23,311,117	\$6,688,883
			Section 2 (4)(c)	\$17,522,591	\$29,922,591	\$108,077,409
	HB22-1304	-	-	\$4,630,496	\$32,470,496	\$2,529,504
	HB22-1377	-	Section 2 (5)(d)	\$9,334,873	\$23,354,873	\$43,927,301
	HB22-1378	-	Section 2 (7)	\$15,360,852	\$15,360,852	\$ -
DPA	SB22-211	Section 4 (1)	-	\$1,027,705	\$1,937,705	\$43,062,295
	HB22-1329	Cap Const. PART I Section (1)(A)	-	\$124,822	\$281,822	\$1,150,603
		Cap Const. PART I Section (1)(B)	-	\$355,062	\$5,059,998	\$2,991,609
		Cap Const. PART I Section (1)(C)	-	\$92,015	\$3,009,760	\$17,985

Legislation to be Amended for Over Expenditures						
<i>Agency</i>	<i>State Bill</i>	<i>Appropriation Clause Citation</i>	<i>Transfer Clause Citation</i>	SUM of SLFRF Overexpenditure Amount for Supplemental Adjustment (to JBC Jan 15)	SUM of SLFRF amount After Over Expenditure Adjustment	SUM of GF amount After Over Expenditure Adjustment
		Cap Const. PART I Section (1)(F)	-	\$1,613,175	\$3,223,075	\$10,703,442
		Cap Const. PART I Section (1)(I)	-	\$702,207	\$5,008,710	\$1,993,282
		Cap Const. PART I Section (2)(B)	-	\$54,407	\$2,744,768	\$614,457
		Cap Const. PART I Section (2)(C)	-	\$497,800	\$1,854,535	\$1,859,884
		Cap Const. PART I Section (2)(E)	-	\$21,782	\$3,156,358	\$787,318
		Cap Const. PART I Section (2)(F)	-	\$372,389	\$660,581	\$1,596,951
		Cap Const. PART I Section (2)(G)	-	\$817,085	\$1,992,887	\$640,610
		Cap Const. PART I Section (2)(H)	-	\$277,484	\$1,717,616	\$1,592,516
		Cap Const. PART I Section (2)(I)	-	\$66,556	\$6,208,073	\$1,387,436
		Cap Const. PART I Section (2)(K)	-	\$585,404	\$3,282,186	\$697,285
		Cap Const. PART I Section (2)(L)	-	\$19,967	\$4,571,665	\$234,335
		Cap Const. PART I Section (2)(N)	-	\$375,312	\$424,282	\$729,141
		Cap Const. PART I Section (2)(Q)	-	\$11,988	\$185,953	\$1,612,802
		Cap Const. PART I Section (2)(R)	-	\$2,580	\$1,482,580	\$ -
		Cap Const. PART I Section (2)(T)	-	\$870,038	\$3,449,196	\$258,868
		Cap Const. PART I Section (2)(U)	-	\$9,316	\$3,041,540	\$1,013,441
		Cap Const. PART I Section (2)(V)	-	\$731,932	\$4,756,856	\$1,951,076
		Cap Const. PART I Section (2)(W)	-	\$257,293	\$1,671,248	\$1,259
		Cap Const. PART II Section (1)(A)	-	\$167,927	\$337,927	\$4,940,950
		Cap Const. PART II Section (1)(E)	-	\$1,057,405	\$2,391,667	\$50,088,593
		Cap Const. PART III Section (2)(D)	-	\$1,378,103	\$2,628,103	\$5,371,897

Legislation to be Amended for Over Expenditures						
Agency	State Bill	Appropriation Clause Citation	Transfer Clause Citation	SUM of SLFRF Overexpenditure Amount for Supplemental Adjustment (to JBC Jan 15)	SUM of SLFRF amount After Over Expenditure Adjustment	SUM of GF amount After Over Expenditure Adjustment
	SB23-214	Cap Const. PART I Section (2)(F)	-	\$29,306	\$131,563	\$2,410,694
		Cap Const. PART I Section (2)(G)	-	\$123,186	\$2,529,448	\$7,174,697
		Cap Const. PART I Section (2)(W)	-	\$37,299	\$439,299	\$4,169,266
Total of Over Expenditures				\$74,995,938	\$636,656,575	\$389,073,984
Total of PS Reductions				(\$74,995,938)		

Staff recommends adjustments for reversions to the extent those do not require policy decisions. If policy decisions are required (items in table below), those are pending separate presentations. Staff considers a policy decision to be required if an existing appropriation is still active (as opposed to one for which spending authority ended in June or December 2024).

The JBC has already acted on the request from the Department of Public Health and Environment, but adjustments related to the Department of Higher Education and the Behavioral Health Administration will be presented separately.

Legislation To Be Amended For Reversions					
Agency	State Bill	Appropriation Clause Citation	SUM Of Jan 15th SLFRF Reversions	SUM Of Jan 15th GF Reversions/Recaptures	
BHA (pending)	HB22-1281	Section 4 (1)(A)	\$2,928	\$239,586	
		Section 4 (1)(B)	\$0.00	\$1,951,839	
	SB22-196	Section 12 (1)(B)	\$0.00	\$1,000,000	
CDHE (pending)	HB21-1330	Section 16 (1)	\$1,033,061	\$0.00	
		Section 16 (2)	\$6,268	\$0.00	
	HB22-1220	Section 9 (2)(A)	\$4,750,857	\$0.00	
CDPHE (approved)	SB22-226	Section 12 (1)(B)	\$0.00	\$5,540,000	
Grand Total			\$5,793,115	\$8,731,426	

If the JBC approves all actual and requested reversions, including those above, staff requests permission apply the following adjustments. If the JBC does not approve all adjustments, the totals below will be adjusted consistent with the Committee decisions. In addition, if the Governor’s Office identifies additional reversion amounts in the next two weeks that do not require a policy decision, staff requests permission to incorporate these adjustments in the amounts below.

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- For amounts appropriated as federal ARPA funds that reverted in FY 2023-24 increase the “swap” in Corrections to capture the General Fund: **\$10,632,298** in program reversions are added to the FY 2023-24 personal services ARPA appropriations, increasing the FY 2023-24 General Fund offset by the same amount. The request proposes that this adjustment be applied to the Department of Corrections personal services appropriation for FY 2024-25.
- For amounts appropriated that originate as General Fund that are expected to revert to cash funds (**\$13,988,257**), transfer funds from the cash funds into which they revert (e.g., the Behavioral and Mental Health Cash Fund) to the General Fund to the extent required.

Please note that staff expects this bill to be identified in the supplemental package, but staff is currently uncertain if it will be ready to travel with the supplemental package.

The table below includes all funds that have reverted or are expected to revert or be recaptured as of the January 15 submission.

Agency	State Bill	Project Name	Timeline to Spend	Does a change require legislation ?	SUM of Jan 15th SLFRF Reversions	SUM of Jan 15th GF Reversions/ Recaptures
BHA	HB22-1243	Rapid Mental Health Response (I Matter) - Awareness Campaign	6/30/2024		\$37,715	\$0
	HB22-1281	Rollforward: Substance Use Workforce Stability Grant Program	12/31/2026	Yes	0	1,951,839
		Rollforward: Children Youth and Family Behavioral Health Services Grants	12/31/2026	Yes	2,928	239,586
	SB21-137	Behavioral Health Workforce Development Program: Capacity Grants	6/30/2024		152,361	0
		Community Mental Health Centers-School Aged Children	6/30/2024		131,843	0
		Behavioral Health Workforce Development Program	6/30/2024		62,493	0
	SB22-196	Rollforward: Criminal Justice Intervention Detection & Redirection Grant Program	12/31/2026	Yes	0	1,000,000
CDHE	HB21-1330	Colorado Opp. Scholarship- Finish What You Started	6/30/2026	yes	1,033,061	0
		Student Aid Application Completion	6/30/2026	yes	6,268	0
		Re-engaged Initiative and Associate Degree	6/30/2024		448,998	0
	HB22-1220	Rollforward: Removing Barriers To Educator Preparation	6/30/2025	yes	4,750,857	0
	SB21-137	Incentives and Support for Medication for Opioid Use Disorder (MOUD)	6/30/2023		500	0
	SB21-232	Colorado Opp. Scholarship- Displaced Workers Grant	6/30/2024		922,361	0
CDHS	HB22-1259	Expanding Colorado Works Subsidized Training and Employment Program	12/30/2024		147,097	0

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Agency	State Bill	Project Name	Timeline to Spend	Does a change require legislation ?	SUM of Jan 15th SLFRF Reversions	SUM of Jan 15th GF Reversions/ Recaptures
	HB22-1380	Expanding Capacity for "Double-Up Food Bucks"	12/31/2024		0	758,448
		LEAP / CBMS Data System Interface	12/31/2024		6,549	1,814,616
	HB22-1386	Adams County Facility Renovation Feasibility Study	12/31/2024		0	334,200
	HB23-1153	Behavioral Health Care Feasibility Study	6/30/2024		10,806	0
	SB23-214	Basic Cash Assistance Increase for Colorado Works Households	12/31/2024		109,236	0
		Colorado Benefits Management System Operating Expenses	6/30/2024		254,456	0
CDLE	HB22-1133	Family and Medical Leave Insurance Fund (FAMLI)	1/31/2025		495,777	0
CDPHE	HB22-1326	Fentanyl Test Strips for Rural and Marginalized Communities	6/30/2024		1,301	0
	HB24-1430	Round 2: CTC/EITC Outreach - Prevention Services Division	12/30/2024		163,321	0
	SB21-137	School-based Health Centers: Testing	6/30/2023		4,106	0
	SB22-226	Healthcare Workforce Recruitment and Re-engagement Effort	12/31/2026	Yes	0	5,540,000
CDPS	HB22-1352	Stockpile For Declared Disaster Emergencies	6/30/2023		25,259	0
	HB24-1197	Immigration Legal Assistance	6/30/2024		3,126	0
	SB23-214	Round 2: Integrated Criminal Justice Information System (CICJIS) Linking Project	6/30/2024		901,070	0
		Round 2: Stockpile For Declared Disaster Emergencies	6/30/2024		72,073	1,779,428
DOC	SB22-196	Expand Medication Assisted Treatment in Prisons	12/31/2024		0	570,139
DOLA	HB21-1289					
	HB23B-1001	Special Session Emergency Rental Assistance Program (SLFRF)	6/30/2024		10,322	0
DPA	HB22-1329					
		Round 1: State Capital Facilities Project Funding	12/31/2026		755,345	0
	SB23-214	Round 2: Division of Human Resources Stimulus Staffing (FY 2023-24)	6/30/2024		44,969	0
		Round 2: State Capital Facilities Project Funding	12/31/2026		1,821	0
JUD						
	HB22-1176	Judicial Department Recovery Officer	6/30/2023		4,697	0
	HB22-1329	IT Infrastructure Upgrades	12/31/2024		67,348	0
	SB22-183	Round 2: Local VALE Fund Grant Program (Non-Profit Victim Assistance)	12/31/2024		3,709	0

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<i>Agency</i>	<i>State Bill</i>	<i>Project Name</i>	<i>Timeline to Spend</i>	<i>Does a change require legislation ?</i>	SUM of Jan 15th SLFRF Reversions	SUM of Jan 15th GF Reversions/ Recaptures
		Round 2: Local VALE Fund Grant Program (Local Gov Victim Assistance)	12/31/2024		520	0
Grand Total*					\$10,632,298	\$13,988,257
*Totals do not sum due to rounding						