MEMORANDUM

JOINT BUDGET COMMITTEE

TO	JBC Members
FROM	JBC Staff
DATE	March 18, 2024
SUBJECT	Figure Setting Comeback Packet 8

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

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Amanda Bickel, JBC Staff (303-866-4960)
DATE	March 18, 2024
SUBJECT	Corrections to Department of Education centrally-appropriated amounts

CORRECTION #1 – ADD "POTS" FOR CSDB TEACHERS

During the process of soliciting information from the Department of Education in preparation for figure setting, the Department determined that centrally-appropriated amounts for teachers at the Colorado School for the Deaf and the Blind (CSDB) had been incorrectly omitted from some calculations. As the Committee may remember, CSDB teachers receive salary increases through an annual decision item process that ties to Colorado Springs D-11 teacher salary increases. However, their other benefits, including health, life, and dental and retirement benefits, align with the benefits for other state staff and are appropriated through the Department's centrally appropriated "pots".

In a change from prior years, FY 2024-25 "pots runs" appear to have entirely excluded teachers at CSDB. Teachers should have been excluded from the salary survey calculation *only*. As a result, no funding has been included for health, life, and dental or pension benefits for these staff. While the idea of centrally appropriated funds is to give departments some flexibility to provide more funds to one line item versus another, staff is concerned that the common policy calculation this year is insufficient.

The staff recommendation is therefore to add the following amounts of General Fund to the centrally appropriated amounts for the Department of Education for FY 2024-25. The Department has committed to staff that, for the future, there will be two "pots" runs—one with the CSDB teachers and one without—so that teacher benefits are properly calculated but teacher salary increases are not double-counted in the salary survey process.

ADJUSTMENT TO CENTRALLY APPROPRIATED AMOUNTS DUE TO CSDB	GENERAL FUND
AED	$180,759
SAED	180,759
Sum (New Unfunded Liability Disbursements line item)	361,518
STD	5,423
HLD	582,110
Total – General Fund Increases to CDE "pots"	**$949,051**

CORRECTION #2 – ELIMINATE OVER-FUNDING FOR SALARY SURVEY

In the process of investigating the above issue, staff learned that the common policy calculation for salary survey for the Department of Education was too high, due to a technical error in the common policy calculation. As a result, JBC action was considerably above the executive request for this department. Based on further communication with the common policy analyst and the department, staff proposes to *reduce* the salary survey "pot" for the Department of Education by $709,473 General Fund and $216,640 reappropriated funds from the previously approved figures below. The adjustment will be to the Salary Survey line item. As shown, this will bring the General Fund and reappropriated funds back to the total level of the Executive Request. The indirect cost collections replace General Fund otherwise required, and this adjustment also reduces the amount of reappropriated funds that must be replaced with General Fund in a separate staff "comeback".

Note that this year the JBC divided the previous single salary survey line item into two separate line items, so these are combined for purposes of comparing with the executive request.

Salary Survey Adjustment					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Previous JBC Action Salary Survey	$4,104,380	$1,508,955	$591,681	$457,428	1,546,316
Previous JBC Action Step Plan	2,163,729	908,997	312,360	205,099	737,273
Total	**$6,268,109**	**$2,417,952**	**$904,041**	**$662,527**	**2,283,589**
Recommended Change	(1,936,703)	(709,471)	(280,222)	(216,640)	(730,370)
Revised Total	4,331,406	1,708,481	623,819	445,887	1,553,219
Salary Survey Exec Request	**4,331,406**	**1,708,481**	**623,819**	**445,887**	**1,553,219**
Difference	0	0	0	0	0

Change applied in Salary Survey line item (Step Plan line item will not be changed)					
Previous JBC Action Salary Survey	$4,104,380	$1,508,955	$591,681	$457,428	1,546,316
Recommended Change	(1,936,703)	(709,471)	(280,222)	(216,640)	(730,370)
Amended Salary Survey line item	**$2,167,677**	**$799,484**	**$311,459**	**$240,788**	**$815,946**

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Amanda Bickel, JBC Staff (303-866-4960)
DATE	March 18, 2024
SUBJECT	Indirect cost collection adjustments for Department of Education

During figure setting for the Department of Education, staff noted that the request for reappropriated funds in the Department's centrally-appropriated line items substantially exceeded the amounts available from indirect cost collections and amounts proposed to be spent down from the Department's indirect cost collections excess recovery fund. The table reflects the $5.4 million in total indirect cost recoveries anticipated to be used to offset Department General Fund.

INDIRECT COST RECOVERIES OFFSET FOR GENERAL FUND IN LONG BILL MULTIPLE LINE ITEMS			
	TOTAL	GENERAL FUND	REAPPROPRIATED FUNDS (INDIRECT COST RECOVERIES)
FY 2024-25 Estimated Recoveries	$0	-4,787,608	4,787,608
Indirect Cost Excess Recoveries Fund Reserves	0	-600,000	600,000
Total Offset for FY 2023-24	**$0**	**-5,387,608**	**5,387,608**

During figure setting (dated February 29 and presented March 4, 2024), staff noted the expectation that up to $600,000 of reappropriated funds would need to be refinanced as General Fund and promised to return to the Committee with a specific number.

After applying committee common policy for centrally appropriated line items and working with the Department to identify appropriate fund splits for those line items, **staff is recommending the full $600,000 be refinanced.** Staff notes that even after this adjustment, there remains approximately $149,903 reappropriated funds in the Department's centrally-appropriated amounts that may not have sufficient revenue to support the appropriation; the Department underspent its centrally-appropriated and Payments to OIT reappropriated funds appropriations by over $500,000 in FY 2022-23, so staff anticipates that the Department will absorb any shortfall.

The Department has indicated that in the future, it will work with the Department of Personnel on the fund splits for requested personal services "pots" to attempt to limit the amount that is requested as reappropriated funds, given that the Department does not have sufficient indirect cost collections to support the fund split approach used in the Department of Personnel request, and the current request approach requires adjustments to add General Fund late in the budgeting process.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Eric Kurtz, JBC Staff (303-866-4952)
DATE	March 18, 2024
SUBJECT	Health Care Policy and Financing Staff Comebacks

➔ MEMBER CORRESPONDENCE

In September 2023 the State Auditor released a report that was critical of the Department's compliance with statutory standards for, "accurate, understandable, timely, informative, and clear correspondence" (Section 25.5-4-212 (1)(a)(I), C.R.S.).

The Auditor identified issues with correspondence automatically generated from the Colorado Benefits Management System (CBMS) related to eligibility that included repetitive information, contradictory information, missing information, and confusing information, sometimes in the same letter. The Auditor recommended that the Department implement risk-based monitoring of actual correspondence sent and procedures for timely system updates when issues are identified. Also, the Auditor recommended more flexibility for case workers to edit auto-generated messages and training for case workers.

The Auditor identified issues with correspondence generated from vendors responsible for reviewing and approving Prior Authorization Requests (PARs) that didn't follow the Department's standards, used overly technical terminology, did not clearly explain the reasons for denials, were incomplete or inaccurate, were poorly organized, used inconsistent terms, and did not meet expectations for a friendly and respectful tone. The Department requires PARs for access to many of the more expensive services to ensure the services are necessary and appropriate. Medicaid members have rights to appeal PAR denials, but they have to understand their rights and the reasons for the denial to be effective in appeal. The Auditor recommended more detailed and standardized guidance to contractors, strengthening contract language to hold vendors accountable to the Department's standards, and increased Department monitoring of the vendors for compliance.

The auditor concluded that the Department lacked sufficient centralized management and oversight of client correspondence. Member correspondence production and quality control is currently a small part of the jobs of many people in the Department. The Auditor recommended a more centralized and less scattered and diffuse organizational structure to increase accountability.

The Department is responding to the State Auditor's concerns with existing resources but, in response to questions from JBC members, the Department put together a package of additional resources to "jump start" the Department's response to the State Auditor's findings. The Department indicates that it is still evaluating needs and may come forward with additional requests in the future.

Staff recommends $1,293,149 total funds, including $331,596 General Fund to respond to the State Auditor's findings. The staff recommendation is slightly lower than the Department's proposal due to the staff recommendation to bring some of the risk-based monitoring of correspondence in-house, rather than contracting for the services, and application of the JBC's common policies regarding new FTE.

Member Correspondence					
	TOTAL FUNDS	GENERAL FUND	CF - HAS Fee	FEDERAL FUNDS	FTE
FY 2024-25					
Centralized administration	$260,401	$80,721	$49,478	$130,202	2.7
Manager	*103,971*	*32,230*	*19,755*	*51,986*	*0.9*
Auditor	*84,471*	*26,185*	*16,050*	*42,236*	*0.9*
Writer	*71,959*	*22,306*	*13,673*	*35,980*	*0.9*
Correspondence content management system	100,000	31,000	19,000	50,000	0.0
2,218 Dedicated CBMS programming hours	279,335	17,318	10,615	251,402	0.0
Risk-based monitoring of correspondence	653,413	202,557	124,149	326,707	2.7
Contract services	*400,000*	*124,000*	*76,000*	*200,000*	*0.0*
State FTE	*253,413*	*78,557*	*48,149*	*126,707*	*2.7*
Total - FY 2024-25	**$1,293,149**	**$331,596**	**$203,242**	**$758,311**	**5.4**
FY 2025-26					
Centralized administration	$341,631	$105,902	$64,912	$170,817	3.0
Manager	*134,365*	*41,652*	*25,530*	*67,183*	*1.0*
Auditor	*111,097*	*34,439*	*21,109*	*55,549*	*1.0*
Writer	*96,169*	*29,811*	*18,273*	*48,085*	*1.0*
Correspondence content management system	100,000	31,000	19,000	50,000	0.0
2,218 Dedicated CBMS programming hours	279,335	17,318	10,615	251,402	0.0
Risk-based monitoring of correspondence	733,292	227,320	139,326	366,646	3.0
Contract services	*400,000*	*124,000*	*76,000*	*200,000*	*0.0*
State FTE	*333,292*	*103,320*	*63,326*	*166,646*	*3.0*
Total - FY 2025-26	**$1,454,258**	**$381,540**	**$233,853**	**$838,865**	**6.0**

CENTRALIZED ADMINISTRATION

To respond to the Auditor's recommendation for more centralized oversight of client correspondence, the recommendation provides a manager that would be accountable for the diverse and distributed efforts spread throughout the Department and an auditor that would be responsible for translating identified problems with correspondence produced from CBMS into requests for programming modifications to fix the issues. The recommendation also includes funding for a writer, who would supplement the Department's existing 1.0 FTE, to work on revising letters to use plain language and testing notices with members.

CORRESPONDENCE CONTENT MANAGEMENT SYSTEM

The recommendation provides funding for a technology solution to track correspondence, member testing, and updates that would replace current spreadsheet and manual tracking methods. The Department hopes this will reduce the likelihood of issues falling through the tracks as well as improving performance reporting and accountability.

2,218 DEDICATED CBMS PROGRAMMING HOURS

The recommendation provides dedicated programming hours to fix correspondence-related issues in the Colorado Benefits Management System (CBMS). The Department has pool programming hours that have to be prioritized every year. Correspondence issues sometimes get bumped down the priority list. To ensure that the correspondence issues get addressed, the staff recommendation is for dedicated programming hours. The total recommend hours are based on an estimate from HCPF of what is needed to address known issues with the notice of action template that is used in approximately 6.3 million letters annually. These known issues include plain language revisions, correcting Spanish and adding Babel translations, ensuring valid values in imported fields, adjusting the policy and program rules that trigger the notices and merged fields, and complying with accessibility requirements.

RISK-BASED MONITORING OF CORRESPONDENCE

To address the Auditor's recommendation for risk-based monitoring of correspondence the staff recommendation provides a mix of contract services and state FTE.

The Department had proposed $725,000 total funds for all contract services. The Department is required by federal regulation to have a third-party contractor who reviews correspondence from the Department's managed care contractors. The Department proposes expanding the contract to include reviewing correspondence from vendors responsible for reviewing and approving PARs and correspondence produced from CBMS. The Department believes the vendor could scale up more quickly to review correspondence than the Department could with state FTE. Also, the Department perceives some consistency of process benefits from using the existing vendor.

Staff believes the Department should rely primarily on state FTE for monitoring correspondence, particularly from CBMS, to ensure compliance with the Department's standards, consistency across programs, and accountability. Staff does not perceive a benefit from using contract services to review correspondence in terms of accessing specialized knowledge that the Department could not develop in house or achieving economies of scale from using a contractor that serves multiple state Medicaid programs. While the Department shares similar needs and challenges with other states, the content requirements and problems with the Department's communications are specific to Colorado and require Colorado knowledge from either a contractor or in-house FTE. Rather than going through a procurement process, training the contractor on Colorado's needs, trying to hold the contractor accountable, and then losing any institutional knowledge when the Department has to re-procure the contract services, the JBC staff believes the Department should just hire state FTE and then train and manage them. The Department did not provide enough information about their assumptions for the contract services to compare the cost of contract services to state FTE, but staff suspects the cost of state FTE will be lower, based on the Department's past experience with similar services.

However, staff sees merit in the Department's argument that a contractor might be able to scale up more quickly than the Department can hire state FTE. Therefore, the staff recommendation is for a mix of contract services and state FTE. A side benefit of this approach is that the Department will be able to compare the performance of the contract services and state FTE side by side to determine the best long-term solution.

➔ PRIVATE DUTY NURSING RATES

The JBC requested information on what it would cost to increase private duty nursing rates. The table provides the estimated cost for a $20 rate increase and the cost of each $5 increase. Private Duty Nursing (PDN) rates are currently under review by the Medicaid Provider Rate Review Advisory Committee (MPRRAC). The JBC will receive a report discussing the adequacy of the rates and containing recommendations from the MPRRAC on November 1, 2024. The MPRRAC invites public testimony at their meetings to inform their analysis. The Department did not request an increase for Private Duty Nursing rates and the JBC staff is not recommending any adjustment to the rates.

Private Duty Nursing			
	Projected	Potential Rate Increase	
	Utilization	$5	$20
RN	1,463,332	$7,316,660	$29,266,640
LPN	420,160	2,100,800	8,403,200
RN Group	883,802	4,419,010	17,676,040
Total Funds		$13,836,470	$55,345,880
General Fund		6,918,235	27,672,940
Federal Funds		6,918,235	27,672,940
Cash Flow Adjustment		91.7%	91.7%
FY 2024-25		$12,683,431	$50,733,723
General Fund		6,341,716	25,366,862
Federal Funds		6,341,715	25,366,861

➔ DURABLE MEDICAL EQUIPMENT RATES

The JBC requested additional information on what it would cost to increase durable medical equipment rates to 100 percent of the federal upper payment limit.

Increasing durable medical equipment rates to 100 percent of the federal upper payment limit would cost **$1,468,890 total funds, including $734,445 General Fund**. This is the incremental additional increase required on top of the 2.5 percent across-the-board increase previously approved by the JBC.

In 2018, the Department was required by federal regulation to reduce a number of durable medical equipment codes to comply with a federal upper payment limit on aggregate expenditures for this service category.

The Department did not request an increase and the JBC staff is not recommending an increase. Durable medical equipment rates are scheduled for review by the Medicaid Provider Rate Review Advisory Committee in 2025.

➔ HCBS MINIMUM BASE WAGE

The JBC requested information on the cost for an additional increase in the non-Denver Home- and Community-Based Services (HCBS) minimum wage. The JBC previously approved a $1.00 rate increase statewide. Providers in Denver must pay at least the Denver minimum wage of $18.29. Outside of Denver, providers would need to pay at least $16.75 based on the JBC's action to date.

To increase the non-Denver HCBS minimum base wage another $0.25 to $17.00 would cost **$13,982,467 total funds, including $6,991,234 General Fund**.

The JBC's action to date is consistent with the staff recommendation and above the Department's request. The JBC staff is not recommending a further increase. HCBS rates are currently under review by the Medicaid Provider Rate Review Advisory Committee (MPRRAC). The JBC will receive a report discussing the adequacy of the rates and containing recommendations from the MPRRAC on November 1, 2024. The MPRRAC invites public testimony at their meetings to inform their analysis.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Alfredo Kemm, JBC Staff (303-866-4549)
DATE	March 18, 2024
SUBJECT	JUD comeback 1 – ORPC Title IV-E funds true-up and $5.0m refinance of GF

RECAP

Figure setting action eliminated the $4.9 million reappropriated funds Title IV-E line item and transferred that designated spending authority to offset General Fund in the Court-appointed Counsel (CAC) line item. The Office of the Respondent Parents' Counsel (ORPC) comeback includes a request for adjustments for what the ORPC states are previously approved spending items that they believe should be accounted for before eliminating the Title IV-E line item.

Staff met with the ORPC prior to their comeback submission regarding their concerns and agreed to true-up previously approved appropriations related to Title IV-E funds where JBC staff determines spending authority has been specifically designated. This document reflects: (1) staff's understanding of the concerns expressed by ORPC; (2) identifies the most critical information and decision points for the Committee; and (3) makes recommendations based on staff consideration of evidence of Committee action based on prior staff documents and ORPC actual patterns of expenditure.

1. ANNUAL REVENUE AND APPROPRIATIONS

Budget principle: Staff intends that annual base spending authority should reflect annual revenue for sustainability. The ORPC states that the most it has ever received in a year in Title IV-E reimbursements revenue is $3,473,305; and the average is $3,213,383. Simply reallocating the existing Title IV-E appropriation of $4.9 million is not an accurate reflection of annual revenue.

1. **On this basis, staff recommends assuming annual anticipated Title IV-E reimbursements revenue at $3.2 million in order to set Title IV-E reappropriated funds spending authority across all ORPC line items.**

2. ORPC TITLE IV-E PROGRAM ITEMS PREVIOUSLY APPROVED

Staff agreed with the ORPC to true-up the recommendation primarily to accommodate *previously approved* program items with spending authority intended to be paid from the Title IV-E line item. In their comeback, the ORPC identifies $3.5 million in previously approved program items and one pending item as follows:

ORPC COMEBACK DOCUMENT - ADD'L TITLE-IV-E PROGRAM EXPENDITURES		
ITEM	AMOUNT	PAGE IN CB DOC
Parent Advocates	$1,700,000	2
Preventative Legal Services	50,000	2
H.B. 24-1120 Resources for Persons in Child Welfare System	1,148,636	2
Cross-disciplinary and community training and events	62,000	3
Additional Training Needs	42,000	4
CO Data Lab	100,000	4
Payment System upgrade/replacement (one-time)	400,000	4
Total	**$3,502,636**	

After submitting the comeback, the ORPC identified additional items for consideration. Given the number and scale of items initially identified in the comeback, staff limits this discussion to addressing only the items identified in the comeback document as outlined in the preceding table.

The ORPC shared specific information on prior JBC staff recommendations to justify their position and claims for existing spending authority. Primarily they point to actions taken in 2020, that included a supplemental action for FY 2019-20 and budget actions for FY 2020-21. In particular, the ORPC includes the following statements and table (screen captures taken from their response document):

Q3 – All of the items we presented were part of our original IV-E Plan that was approved in the budget process.

Below is documentation of when these expenses were approved in prior budget years.

S-03, BA-02 from the agency's FY2019-20 Supplemental and FY2020-21 Budget Amendment contains a detailed IV-E Plan, which was approved, including the chart below that was presented in the supplemental and budget amendment:

IV-E Initiatives			
	Initiative	FY 2019-20 Estimated Costs	FY 2020-21 Estimated Costs
1.	Increase Access to Interdisciplinary Teams	$ 49,000	$ 1,058,960
2.a.	Early Apptmt of Attorneys & Interdisciplinary Teams	$ 142,673	$ 892,047
2.b.	Address Ancillary Civil Legal Issues	$ 293,112	$ 1,784,520
2.c.	Incentivize work in Rural Counties/ Recruit and Mentor RPCs	$ -	$ 1,136,000
2.d.	Contract with Professionals to Provide Supervision, Review, and Mentoring of ORPC Contractors	$ 20,021	$ 143,212
3.	Expand RPPS	$ 15,000	$ 10,000
4.	Partner with Colorado Data Lab	$ 28,667	$ 104,000
5.	Provide Cross-Agency and Cross-System Training	$ 7,833	$ 18,445
	Total	**$ 556,306**	**$ 5,147,183**

The Supplemental was approved (HB 20-1249, section 3). The ORPC was approved for $4,741,480 in spending authority for these programs in the IV-E Line for FY 2020-21. Below is Mr. Allen's figure setting recommendation from FY 2020-21, which was approved to fund the agency's general fund requests with IV-E. The remainder was approved to go to the IV-E line for programming.

RECOMMENDATION: Staff recommends that some of the Title IV-E reimbursement be used to pay for some of the General Fund budget requests that the ORPC and the OCR have submitted to the JBC this year. Staff further recommends that the remaining Title IV-E funds be appropriated as reappropriated funds to each agency on a line item called *Title IV-E Legal Representation.*

Staff researched file archives to determine how JBC staff may have understood and presented these items to the Committee at the time. Staff was not able to find the above table in staff documents presented to the JBC. At that time, JBC staff may have been aware of the above table and the ORPC's general interest in pursuing program buildout and expenditures for Title IV-E funds. However, the program expenditure components are not clearly communicated in JBC staff documents in recommendations to the Committee. It is not apparent that these items were delineated in any form to the JBC, nor that the JBC affirmatively approved these items of expenditure within the Title IV-E line item that was added at the ORPC's request.

Given this history, there is a difference of opinion between staff perspective and the ORPC perspective on prior approval of spending authority.

The ORPC appears to rely on the following reasoning: the ORPC points to the $5.0 million Title IV-E line item in its budget, with undefined spending authority, and states, ever since FY 2019-20, here is our program plan for that funding. Because the spending authority was approved as a supplemental action for FY 2019-20 and budget action for FY 2020-21, the ORPC program plan from that time was established, and should now be formally recognized, as previously approved spending authority for these program components.

Staff disagrees with that perspective for two distinct reasons. First, reviewing JBC staff budget recommendation documents, JBC staff primarily communicates the opportunity for the JBC to refinance newly requested and approved General Fund items with this new reappropriated funds source. However, JBC staff does not appear to include, outline, or even refer to a table of program components, as shown in the screen capture above. Second, there appears to be very little record of ORPC expenditures for that plan over the years since that appropriation was added. There is a lack of evidence in Committee decisions and in ORPC expenditures that this program plan was "the plan". Had the ORPC proceeded to build out its program plan over these years, staff may have accepted the use of those funds as established practice. The ORPC's failure to use their funds as they state they originally intended, brings us to this decision point in budget policy.

In 2020, because of the newness of this fund source, JBC staff appeared to be primarily engaged in analysis of the anticipated future revenue and sustainability of spending from that fund source. While JBC staff did recommend the undefined spending authority – as requested by the ORPC – for potential program buildout and expenditures, at no decision point did the Committee take affirmative action on particular program expenditures within that appropriation. It appears that the line item was simply available spending authority as the ORPC might spend it for legally intended purposes. In referring to the use of funds provided in Section 26-2-102.5, C.R.S., the JBC staff figure setting document includes the following conclusion:

> Staff concludes that this provision places few constraints on the uses to which Title IV-E dollars can be spent.

The excerpt suggests staff uneasiness at the flexibility of spending from this source by the agencies. In the form that this appropriation was added to the budget, current staff concurs and believes that appropriation should be more specifically appropriated. Staff considers the Title IV-E line item to be five million dollars of spending authority for anything the ORPC might define as appropriate. This made current staff uncomfortable from staff's first ORPC figure setting in 2022. As these few budget cycles have progressed, staff has become increasingly concerned, especially as the ORPC has not appeared to have a clear or committed plan for spending from this fund source. Staff cannot discern an intention by the ORPC to build program in the way they now express was always their intention from those first Title IV-E budget requests in 2020.

Therefore, staff makes the following recommendations based on staff awareness of the following items:

- CO Data Lab – recommended amount $100,000

- Payment system upgrade/replacement – recommended amount $300,000 (one-time)
- Cross-disciplinary and community training and events – recommended amount $62,000

    a) Subtotal – staff recommended Title IV-E true-up program items for FY 2024-25 - $462,000; for FY 2025-26 and ongoing - $162,000. Technical point: Due to its one-time expenditure, staff recommends that the $300,000 IT system expense be paid from fund balance rather than from the $3.2 million of annual Title IV-E appropriations recommended in point 1.

    b) Additionally, because this creates a base or ongoing item added in legislation, **staff agreed to reserve funding from Title IV-E for H.B. 24-1120 of $1,148,636 for FY 2024-25.**

    c) Additional Training Needs of $42,000 are identified as a "new request" in the comeback document. Nevertheless, staff is willing to recommend this additional set-aside to support contractor training and ensure that it will not be dependent on contractors self-funding their training, given the difficulties these agencies have in maintaining and recruiting contractors.

These recommendations leave two items unaddressed that were included in the comeback document:
- Parent Advocates - $1,700,000
- Preventative Legal Services - $50,000

Staff is vaguely aware of inchoate ORPC activities related to these items. These items do not appear to impact actual expenditures as reported in budget schedules. The following table (included in the figure setting document) outlines actual expenditures from Title IV-E across all line items.

Actual Expenditures from Title IV-E Reimbursements - OCR and ORPC			
	OCR	ORPC	Total
FY 2020-21	$185,601	$1,039,587	$1,225,188
FY 2021-22	310,365	911,816	1,222,181
FY 2022-23	1,016,849	795,816	1,812,665
3-year total	1,512,815	2,747,219	4,260,034

For FY 2022-23, the ORPC spent just under $800,000 from Title IV-E funds for all items across its budget. The ORPC now points to approximately $2.3 million in items for which the need for specified spending authority is claimed, including $1.75 million for these two items.

(1) The nature or determination of "budget process approval" for these two items is not clearly established even as ORPC may assume that "spending authority" for these items might have been generally available to them in the Title IV-E line item. (2) The ORPC's actual spending on these items is not previously established. (3) The $3.5 million of additional requested spending authority identified in the comeback exceeds the ORPC's stated maximum Title IV-E annual revenue of approximately $3.2 million. Had they been approved, the ORPC's R1 and R3 staff and program requests include an additional $1,774,344 from Title IV-E funds. These fiscal items in total do not reflect a considered, practiced, or sustainable ORPC budget plan. (4) Further, these ORPC staff and program requests for FY 2024-25 also appear to mirror these items in scale.

d) On the basis of the totality of the current and historical evidence, staff would recommend no set-aside. However, staff is vaguely aware of ORPC intentions related to these items, and on that basis, in order to make these program items transparent in the budget and memorialize the ORPC's stated commitment to these programs, **staff recommends $50,000 appropriations of Title IV-E funds for two new line items: Parent Advocates and Preventive Legal Services.**

3. One-time use of fund balance for $5.0 million General Fund savings for FY 2024-25

The ORPC suggests a one-time refinance of General Fund totaling $5.0 million to achieve General Fund savings for the budget year using available balance in their account in the Title IV-E Administrative Cost Cash Fund.

Staff estimates that the ORPC has earned approximately $12.8 million in Title IV-E reimbursement revenue over four years ($3.2 million per year). The table above identifies expenditures totaling $2.7 million for three years; for the purpose of this calculation staff assumes an additional $1.0 million in expenditures for FY 2023-24. This leaves a balance of $9.1 million. While $5.0 million does not exhaust the entire balance, it provides one year of significant General Fund savings without necessitating transfer legislation or a legal determination on the proper use of these funds; it maintains a balance that can sustainably fund future one-time and incremental increases; and it reserves a balance to account for any policy risk related to changed federal requirements for this fund source in the future.

3. Staff recommends the one-time use of fund balance to offset $5.0 million General Fund.

Staff Budget Build Tables

The following table outlines base and additional recommended appropriation allocations of $3.2 million Title IV-E funds.

Title IV-E Annual Funding Allocated by Line Item	FY 2024-25
Other Title IV-E RF appropriations in base	
Personal Services	$168,908
POTS	36,418
Court-appointed Counsel	348,421
Rec'd Comeback Adjusted Lines	
Operating Expenses (excluding $300,000 IT expense)	230,950
Training	102,000
Rec'd Comeback New Line Items	
Parent Advocates	50,000
Preventive Legal Services	50,000
Rec'd additional set-aside	
H.B. 24-1120	1,148,636
Total Title IV-E RF allocations	**$2,135,333**
Available annual Title IV-E revenue	3,200,000
Add'l allocation to CAC	1,064,667

The following table outlines line item adjustment recommendations:

LINE ITEM ADJUSTMENT RECOMMENDATIONS FOR ORPC COMEBACK TRUE-UP				
	GF	CF	RF	TF
Operating Expenses - base	$162,021	$0	$100,950	262,971
rec'd comeback adjustments	0	0	430,000	430,000
Operating Expenses (FY 2024-25)	162,021	0	530,950	692,971
Operating Expenses (FY 2025-26)	162,021	0	230,950	392,971
Training - base	30,000	48,000	28,000	106,000
rec'd comeback adjustments	0	(42,000)	74,000	32,000
Training	30,000	6,000	102,000	138,000
PARENT ADVOCATES (new line item)	0	0	50,000	50,000
PREVENTIVE LEGAL SERVICES (new line item)	0	0	50,000	50,000
Title IV-E legal representation - base	0	0	4,944,286	4,944,286
rec'd comeback adjustment	0	0	(4,944,286)	(4,944,286)
Title IV-E legal representation	0	0	0	0
Court-appointed Counsel - base	27,547,071	0	348,421	27,895,492
Ongoing base adjustment	(1,064,667)	0	1,064,667	0
One-time GF offset	(5,000,000)	0	5,000,000	0
Court-appointed Counsel (FY 2024-25)	21,482,404	0	6,413,088	27,895,492
Court-appointed Counsel (FY 2025-26)	26,482,404	0	1,413,088	27,895,492
Total Adjustments (FY 2024-25)	**($6,064,667)**	**($42,000)**	**$1,724,381**	**(4,382,286)**

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Emily Hansen, JBC Staff (303-866-4961)
DATE	March 18, 2024
SUBJECT	HUM R2 Tony Grampsas Increase

During the figure setting for the Office of Children, Youth and Families, the Committee held on a decision for an increase to the Tony Grampsas Youth Services Program until after the economic forecasts. The request includes an increase of $3,594,067 cash funds from the Marijuana Tax Cash Fund (MTCF) on a one-time basis, and 1.0 FTE ongoing.

The Committee has approved a combination of one-time and ongoing decreases to other MTCF appropriations throughout the BHA and Office of Civil and Forensic Mental Health.

During the briefing and hearing, the Committee indicated concern that the request was one-time and supported with the Marijuana Tax Cash Fund. Staff therefore recommended approval of the request as ongoing General Fund. During agency comebacks, the Office of State Planning and Budgeting also indicated that the MTCF forecast is sufficiently low that the request should be supported with General Fund and potentially at a lower amount.

The final programs that receive funding through the grant increase are subject to approval by the board, but funding is anticipated to support an additional 30 programs with the potential to serve 7,332 youth. The request is anticipated to support all programs that have been deemed eligible for funding in the current grant cycle, but that the program does not have funding to support.

Approval of the request reflects a 219.7 percent increase in the existing MTCF appropriation for the program. Approval of the request as General Fund reflects a 96.6 percent increase in the existing General Fund appropriation for the program. If the request is denied, total funding for the program is $11.9 million in FY 2024-25, including $3.2 million General Fund and $8.2 million cash funds.

Staff recommends denial of the increase for the Tony Grampsas program, and maintaining the requested increase for MTCF decreases due to the economic forecasts. An increase of $4,090,294 would be expected to support all eligible grant programs after accounting for annualizations. The Committee could choose to support an increase for any amount up to $4.0 million.

If an increase is approved, the Committee should specify whether the increase is approved on a one-time or ongoing basis. If one-time, Staff recommends including a footnote giving the Department three years of roll-forward spending authority to align with the grant cycle for the program.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Louellen Lowe, JBC Staff (303-866-2981)
DATE	March 18, 2024
SUBJECT	Department of Higher Education – Institute of Cannibis Research Footnote

REQUEST: The Institute of Cannibis Research (ICR) at Colorado State University Pueblo requests an increase in roll-forward authority of its Long Bill appropriation from $500,000 to $700,000, as stipulated in a Long Bill footnote.

RECOMMENDATION: Staff recommends approval of the request.

BACKGROUND

The ICR began in 2015 as an initiative at Colorado State University Pueblo following the legalization of medicinal and recreational cannabis use in Colorado. It began receiving appropriations from the State in FY 2016-17 and increased to $3.8 million in FY 2023-24 from $2.8 million in FY 2022-23. In 2019, House Bill 19-1311 established the ICR as the official Cannibis Research Institute of the State of Colorado with oversight by a state-appointed governing board.

A Long Bill Footnote grants the ICR the authority to roll forward funding from the appropriations to the next fiscal year and has appeared in the Long Bill since FY 2021-22. It was added based on information from the institute indicating that it routinely faces a technical problem with spending for research, because research projects often extend beyond a year or may be temporarily delayed by any number of intervening factors. The institute noted that the federal National Institutes of Health allows roll-forward of up to 25.0 percent of research grants with little additional inquiry.

When the Institute's funding increase in the current fiscal year, the footnote did not increase. However, the Institute indicates that with greater granting ability, greater flexibility is needed with appropriated funds to ensure recipients can expend the funds in time.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Louellen Lowe, JBC Staff (303-866-2981)
DATE	March 18, 2024
SUBJECT	Department of Early Childhood – Technical Changes

R8 PROVIDER RATE INCREASE – CASH FUND ERROR

For the Nurse Home Visiting Program, information provided by the Department included an error related to the cash fund base for the Nurse Home Visiting Program. Instead of an increase of only $18,872 cash funds from the Nurse Home Visitor Program Fund, it should reflect an increase of $629,055 cash funds to accommodate the 2.5 percent provider rate increase. The updated recommended increase is reflected in the chart below:

R8 PROVIDER RATE INCREASE - CASH FUND ERROR/CORRECTION	
DATA SOURCE	RECOMMENDED CHANGE
Original Base Request – Nurse Home Visitor Program Fund	$754,866
Original JBC 2.5% recommended increase	$18,872
Corrected Base Request– Nurse Home Visitor Program Fund	$25,162,202
Corrected JBC 2.5% recommended increase	$629,055
Difference	**$610,183**

R2 – CDEC OPERATIONS – OVER-APPROPRIATION

For the CDEC Operations change request, staff recommendations included one-time funding for FTE which should not have been accounted for in calculations as the FTE are not new FTE. Therefore, staff recommends a decrease of $146,297 General Fund for the R2 CDEC Operations change request which was approved by the JBC.

R2 CDEC DEPARTMENTAL OPERATIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
R2 CDEC departmental operations	$5,504,064	$3,815,874	$131,219	$586,628	$970,343	25.8
Recommended Adjustment	($146,297)	($146,297)	$0	$0	$0	25.8
TOTAL	**$5,357,767**	**$3,669,577**	**$131,219**	**$586,628**	**$970,343**	**25.8**

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Andrea Uhl, JBC Staff (303-866-4956)
DATE	March 18, 2024
SUBJECT	New DOLA/HCPF Footnote for Housing Vouchers

During staff figure setting for HCPF – Office of Community Living, the Committee requested and approved a footnote for inclusion in the Department of Local Affairs portion of the Long Bill. The proposed language is as follows:

> *Department of Local Affairs, Division of Housing, Community and Non-Profit Services, Community Services, Low Income Rental Subsidies -- It is the General Assembly's intent that the Department of Local Affairs be able to expand eligibility for state housing vouchers to people receiving services on the Home and Community-Based Services Developmental Disabilities waiver who need assistance to remain in their least restrictive residential setting, so long as existing populations served by these voucher programs are not negatively impacted.*

It is staff's understanding that the Committee is under the impression that the Executive Branch is neutral about the proposed footnote. However, OSPB, along with DOLA and HCPF, requested that their concerns be relayed to the Committee:

> "Expanding voucher eligibility to those receiving HCBS-DD waivers might crowd out the intended population - members on HCBS-SLS waivers who are transitioning out of institutions.
>
> This population was targeted for voucher expansion in part because of the potential cost savings, as providing HCBS-SLS waivers with housing assistance was seen as a method of preventing the need for transfers to a more expensive HCBS-DD waiver. Similar cost savings are not realized by providing HCBS-DD waivers with housing assistance."

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Andrea Uhl, JBC Staff (303-866-4956)
DATE	March 18, 2024
SUBJECT	School Finance Comebacks

This memo includes comebacks related to the following:

- BA3/S3 At-risk Supplemental Aid Payments (new data available)
- R1/BA1 State Share of Total Program Funding (forecast and cash fund splits)
- Information about the TREP program (no action required)
- Contingency Reserve Fund Line Item (technical error)
- R2/BA2 Categorical Programs and Subdivision Detail (tabled items)

➔ INCREASE FOR BA3/S3: FY 2023-24 AND FY 2024-25 ADDITIONAL INCREASE FOR AT-RISK SUPPLEMENTAL AID PAYMENTS

The Committee previously approved an increase of $1.0 million dollars from the State Public School Fund for At-risk Supplemental Aid payments for FY 2023-24 and FY 2024-25. Last week, the Department of Education finalized its FY 2023-24 calculation, which is $1,165,631 short of the amount required to fully fund this line item in the current year and likely similar for FY 2024-25. The shortfall would result in a proration of 83.4 percent. While a proration is statutorily allowed, it has been the General Assembly's intent to fully fund this line item sine FY 2014-15. **Therefore, staff recommends increasing funding for this line by an additional $1,165,631 cash funds from the State Public School Fund in FY 2023-24 and FY 2024-25 and ongoing**. An excerpt from BA3 is included below for reference:

ANALYSIS:

The requested increase stems from an error in the way the Department has historically calculated the payments. House Bill 12-1345 created a program to provide supplemental aid to qualifying school districts and charter schools in three specific sets of circumstances:

> *First, for charter schools authorized prior to July 1, 2004, in districts with more than 40 percent at-risk students, a district will receive supplemental aid for charter schools with a smaller percentage of at-risk students than the district average, while charter schools with a larger percentage of at-risk students than the district will receive supplemental aid directly. Second, for all charter schools in districts with less than 40 percent at-risk students, the school will usually receive supplemental aid if the school's percentage of at-risk students exceeds the district average. Third, charter schools authorized by the Charter School Institute (CSI) will receive supplemental aid if the percentage of at-risk students in those schools is less than the accounting district's percentage of at-risk students.*

After being contacted by the Adams 12 district concerning a specific charter school, the Department discovered it had been erroneously excluding some districts and charter schools from the calculations since FY 2013-14 due to districts/schools crossing back-and-forth over the 40 percent threshold. After consulting with the Attorney General's Office, the Department determined that affected districts should be compensated for errors in the previous four years at a cost of $1.6 million, which was approved as a supplemental request.

The supplemental request and corresponding budget amendment estimate that an increase of $1.0 million in the At-risk Supplemental Aid line would be sufficient to cover the accurately calculated payments in FY 2023-24 and later years. The appropriation for this line item has been set at $4.8 million since FY 2021-22, and the Department spent 96.7 percent and 84.2 percent of the appropriation in FY 2021-22 and FY 2022-23, respectively. The General Assembly is required to appropriate funds for this purpose, but Section 22-30.5-112.2 (3) allows the Department to prorate the payments if the appropriation is insufficient. It has been the General Assembly's intent to fully fund the statutory calculations through this appropriation since FY 2014-15, therefore, staff does not recommend allowing a potential proration scenario to occur.

➔ R1/BA1 STATE SHARE OF TOTAL PROGRAM FUNDING

Staff requests permission to make adjustments to the State Share of Districts' Total program funding to reflect the following:

- An increase of $2,638,573 to the state share compared to previous estimates to incorporate the results of the biennial cost of living analysis, which were received after staff's February 22nd figure setting document was presented.

- An increase of $1,311,232 to cover the cost of 128 more TREP slots than are currently included in the formula and to align with the 250 slot cap approved by the Committee for inclusion in the footnote.

- A rebalancing of appropriations from the State Education Fund and State Public School Fund to account for the changes discussed in this document and stemming from the March 2024 Legislative Council Staff Economic Forecast. These adjustments assume the recommended increases for At-risk Supplemental Aid Payments discussed above are approved.

STAFF REC. FUND SOURCES FOR STATE SHARE OF DISTRICTS' TOTAL PROGRAM			
	FY 2023-24 APPROPRIATION (ADJUSTED)	FY 2024-25 RECOMMENDATION	ANNUAL CHANGE
Local Share	**$4,177,967,864**	**$4,587,885,470**	**$409,917,606**
State Share	**$4,996,063,570**	**$5,111,959,843**	**$115,896,273**
General Fund	4,238,686,861	4,238,686,861	0
Cash Funds - State Education Fund	461,598,845	793,827,214	332,228,369
Cash Funds - State Public School Fund	295,777,864	79,445,768	(216,332,096)
Total Program	**$9,174,031,434**	**$9,699,845,313**	**$525,813,879**

For reference, the table below shows a forecast of the State Education Fund balance through FY 2027-28 incorporating the above changes, all FY 2024-25 figure setting items for the Department of Education as approved to date, and an expenditure of $24.0 million in FY 2023-24 for the New Arrival Students bill.

Legislative Council/JBC Staff – State Education Fund Projection – March 2024					
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Total Program Before BSF	$9,315,274,917	$9,699,845,313	$9,771,123,747	$10,030,416,942	$10,186,934,041
BSF	(141,243,484)	0	0	0	0
Total Program After BSF	**$9,174,031,433**	**$9,699,845,313**	**$9,771,123,747**	**$10,030,416,942**	**$10,186,934,041**
Funded Pupil Count	*859,783*	*850,310*	*845,164*	*839,876*	*833,804*
Average Per Pupil Revenue	*$10,670*	*$11,406*	*$11,561*	*$11,943*	*$12,217*
Local Share of Funding	**$4,177,967,864**	**$4,587,885,470**	**$4,675,055,294**	**$4,712,455,736**	**$4,971,640,801**
State Share of Funding	**$4,996,063,570**	**$5,111,959,843**	**$5,096,068,454**	**$5,317,961,206**	**$5,215,293,240**
State Public School Fund	295,777,864	79,445,768	81,777,030	81,777,030	81,777,030
State Education Fund (SEF)	461,598,845	793,827,214	775,604,563	997,497,316	894,829,349
General Fund	4,238,686,861	4,238,686,861	4,238,686,861	4,238,686,861	4,238,686,861
SEF Beginning Balance	**$1,454,124,377**	**$1,527,184,664**	**$1,536,232,339**	**$1,465,228,807**	**$1,233,167,568**
SEF Deposits					
Income taxes (LCS forecast)	1,075,100,000	1,127,500,000	1,188,100,000	1,266,165,214	1,337,331,205
Other transfers	0	146,000,000	0	0	0
Interest earnings	46,629,305	47,930,262	49,847,723	51,631,630	53,054,492
Total Deposits	**$1,121,729,305**	**$1,321,430,262**	**$1,237,947,723**	**$1,317,796,843**	**$1,390,385,698**
SEF Expenditures					
School finance	$461,598,845	$793,827,214	$775,604,563	$997,497,316	$894,829,349
Categorical programs	334,192,458	377,675,185	391,799,412	410,133,053	423,332,719
Other spending	252,877,715	140,880,187	141,547,280	142,227,714	142,921,757
Total Expenditures	**$1,048,669,018**	**$1,312,382,586**	**$1,308,951,255**	**$1,549,858,083**	**$1,461,083,825**
SEF Ending Balance	**$1,527,184,664**	**$1,536,232,339**	**$1,465,228,807**	**$1,233,167,568**	**$1,162,469,441**

ⓘ Additional information about the TREP program

During the staff figuring setting presentation, the Committee asked questions about the utilization of the Teacher Recruitment Education and Preparation (TREP) program that was created by S.B. 21-185. This extended high school program is funded through the total program calculation and capped at 250 participants (as determined by the Committee) in a footnote. The Department of Education has provided the following information:

"Many school districts across the state have reached out to say that the requirement of the course in the 12th grade year is a barrier, as the way the course schedule is set up at some of the high schools, they have taken the course prior to the 12th grade year and may not have room in their schedule to add a class to meet the requirement. If the requirement was changed to taking at least a course on the

Educator Pathway in grades 9-12, more students would be eligible for the program. For example, the 12th grade requirement comes from the interpretation of the following language in TREP statute:

> *Section 22-35-108.5 (2)(a), C.R.S. Subject to available appropriations, the department may designate as a TREP program participant a qualified student who: (I) Is following the teaching career pathway created in section 23-60-110 and is on schedule to complete the courses specified in the teaching career pathway for the twelfth grade year and is enrolling in the postsecondary courses identified in the teaching career pathway for the fifth and sixth years;*

The team has been to a few career fairs with Educator Talent where we have been promoting TREP. When students say that they don't want to be a teacher, we ask them why. Some of the reasons we have heard repeatedly are kids are out of control, teachers don't get any respect, and it's a lot of work to be a teacher (we assume this is a work compared with pay issue).

For some other students, they have taken many concurrent enrollment courses (and earn an Associate's degree, or are very close to it by the time they finish high school), so that TREP doesn't make sense for them since they have completed all the courses on the pathway. From an auditing perspective, students need to take one course on the Pathway each fall they are in TREP. Both higher education institutions and school districts have said that this is challenging for students because they need to have at least one lower-level course on their schedule each year, and their degree program is sequential and so this requirement holds them back."

➔ CONTINGENCY RESERVE FUND LINE ITEM

Staff erroneously excluded a line item description for the Contingency Reserve Fund from the figure setting document. **Staff recommends approving the request for a continuation appropriation of $1.0 million cash funds from the Contingency Reserve Fund.** The appropriation was reflected in the department request and numbers pages, however, this description should have been included in the figure setting document:

CONTINGENCY RESERVE FUND

The Contingency Reserve Fund, created in Section 22-54-117 (1) (a), C.R.S., provides a fund source for the State Board of Education to assist school districts facing specific circumstances. Section 22-54-117 (1), C.R.S., authorizes the State Board to approve payments from the Contingency Reserve Fund to assist school districts under the following circumstances:

- (a) (I): financial emergencies caused by an act of God or arising from extraordinary problems in the collection of taxes;
- (a) (II): financial emergencies caused by nonpayment of property taxes pending the outcome of an administrative appeal or litigation or both challenging the inclusion of the value of certain property in a county's abstract of assessment, which resulted from a change in the applicable state law;
- (a) (III): revenues are insufficient to make abatements and refunds of property taxes;
- (a) (IV): unforeseen contingencies (e.g., reductions in valuation exceeding 20 percent);

- (a) (V): unusual financial burden caused by the instruction of court-ordered or agency-placed non-resident children;
- (a) (VI): unusual financial burden caused by the instruction of children who move into the district following the pupil count date (applies to small districts only);
- (a) (VII): unusual financial burden caused by a significant enrollment decline pursuant to a reorganization;
- (a) (VIII): beginning in FY 2016-17, unusual financial burden caused by a significant reduction in assessed value within a district whose state share of total program prior to the application of the negative factor was less than 0.5 percent of total program funding in the previous budget year and the reduction in assessed value is causing a negative factor reduction in the budget year; and
- (b): in cases of extreme emergency, other factors that affect the ability of the district to maintain its schools without additional financial assistance.

Section 22-54-117 (1) (a), C.R.S., indicates that, "In deciding the amount to be appropriated to the contingency reserve, the general assembly may take into consideration any recommendations made by the department of education, but nothing in this section shall be construed to obligate the general assembly to provide supplemental assistance to all districts determined to be in need or fully fund the total amount of such need."

Please note that pursuant to Section 22-54-117 (1) (c), C.R.S., when a school district reimburses the State for supplemental assistance received from the Contingency Reserve, the reimbursement is credited to the Contingency Reserve Fund rather than the General Fund. Thus, these repayments may then be made available to meet other districts' needs.

STATUTORY AUTHORITY: Section 22-54-117, C.R.S.

REQUEST: The Department requests a continuation appropriation of $1.0 million cash funds from the Contingency Reserve Fund, with no change from the FY 2023-24 appropriation.

RECOMMENDATION: **Staff recommends approving the request.** The Department has not identified a need to use the Contingency Reserve Fund in the current year, nor has it been used in recent years. Assuming no expenditures from the fund in FY 2023-24, the $1.0 million currently in the fund will be available for appropriation in FY 2024-25.

➔ R2/BA2 CATEGORICAL PROGRAMS INCREASE CATEGORICAL PROGRAMS LINE ITEM DETAIL

The Committee tabled a decision on R2/BA2 Categorical Programs Increase and line item detail for subdivision (B) Categorical Programs during the figure setting presentation for the Department of Education – School Finance and Categorical Programs on February 27th. Staff has provided an updated recommendation for the allocation of the required Amendment 23 inflationary increase and other changes based on the Committee's direction. The recommendation includes the following components:

- An increase of $34,706,872 for special education programs for children with disabilities, which is the estimated amount needed to fully fund this category pursuant to statute.

- Increases for the other seven categorical programs as requested by the Executive Branch, which is based on each program's share of the total funding shortfall.
- No additional increases for salary survey. The request includes salary survey increases for some programs in addition to the distribution of the Amendment 23 increase. It is typical not to award salary survey increases on top of the Amendment 23 increase, as that would increase the base to which the annual inflationary requirement is applied.
- An increase of $652,260 for special education programs for gifted & talented children in addition to the $405,855 requested/recommended Amendment 23 increase. The recommended increase sums to $1,058,115, which is the second of four annual increases required by S.B. 23-287 for universal screening.
- The recommended changes total $45,528,312, which is $17,634,500 more than the $25,893,812 minimum inflationary increase required by Amendment 23.

Staff recommends the Committee approve these changes to complete action on R2/BA2 and line item detail for this subdivision. These changes are summarized in the table on the following page. *Please note, all changes are from the State Education Fund.*

Increase from the State Education Fund for Categorical Programs in FY 2024-25								
	Department Request				Revised Recommendation			
Long Bill Line Item	Dept. Amend 23 Request	Salary Survey (SEF only)	SB 23-287 Annualization	**Total SEF Request**	Revised Amend 23 Rec	Salary Survey (SEF only)	SB 23-287 Annualization	**Total SEF Rec**
Special education programs for children with disabilities	$17,724,632	$0	$0	**$17,724,632**	$34,706,872	$0	$0	**$34,706,872**
English language proficiency programs	$3,308,330	$0	$0	**$3,308,330**	$3,308,330	$0	$0	**$3,308,330**
Public school transportation	2,977,604	7,676	0	**2,985,280**	2,977,604	0	0	**2,977,604**
Career and technical education	1,478,238	0	0	**1,478,238**	1,478,238	0	0	**1,478,238**
Special education programs for gifted & talented children	405,855	15,256	1,058,115	**1,479,226**	405,855	0	652,260	**1,058,115**
Expelled and at-risk student services grant program	(7,116)	13,895	0	**6,779**	(7,116)	0	0	**(7,116)**
Small attendance center aid	4,368	0	0	**4,368**	4,368	0	0	**4,368**
Comprehensive health education	1,901	10,958	0	**12,859**	1,901	0	0	**1,901**
Subtotal: Everything but special education for children w/ disabilities	*$8,169,180*	*$47,785*	*$1,058,115*	***$9,275,080***	*$8,169,180*	*$0*	*$652,260*	***$8,821,440***
Total Increase, All Categoricals	**$25,893,812**	**$47,785**	**$1,058,115**	$26,999,712	**$42,876,052**	**$0**	**$652,260**	**$43,528,312**
					Increase above Amendment 23 requirement			**$17,634,500**

Note: Staff recommends federally-funded salary survey increases as requested for Special education for children with disabilities and English language proficiency programs of $469,034 and $16,721, respectively.