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- Memorandum: Comparison of Department of Local Affairs Request and Recommendation, Feb. 14, 2025 -- pdf pages 1-2
- Department of Local Affairs Figure Setting FY 2025-26, Feb 14, 2025 – pdf pages 3-178
- Memorandum: Staff-initiated Legislation to Clarify Proposition 123 Maintenance of Effort – pdf pages 179-184



Joint Budget Committee Staff

# Memorandum

To: Joint Budget Committee  
From: Amanda Bickel, Andrea Uhl, Connor Alcorn, JBC Staff (303-866-4960)  
Date: Friday 2/14/2025  
Subject: Comparison of Department of Local Affairs Request and Recommendation

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Staff has prepared the following summary table to assist the JBC in understanding key differences between the Department of Local Affairs request and recommendation, as well as the total General Fund “relief” provided by the recommendation. Note that the adjustments shown exclude changes included in statewide requests not addressed in this packet (e.g., Statewide R1 to transfer interest earnings on cash funds to the General Fund). In addition, staff has excluded informational funds adjustments recommended by staff from this table.

### General Fund Relief: Changes in Request versus Recommendation

	Formal Request		Recommendation		Rec above/-below request		Legislation Required for Rec?
	General Fund	Cash Funds	General Fund	Cash Funds	General Fund	Cash Funds	
<b>Revenue Items</b>							
R1 Ridge View*	\$8,500,000	-\$8,500,000	\$8,500,000	-\$8,500,000	\$0	\$0	Y
R2 Board Assess. Appeals	0	0	200,000	-200,000	200,000	-200,000	Y
BA2 Private Activity Bonds	0	0	200,000	-200,000	200,000	-200,000	Y
R5 Severance Tax	10,000,000	-10,000,000	20,000,000	-20,000,000	10,000,000	-10,000,000	Y
<b>Total</b>	<b>\$18,500,000</b>	<b>-\$18,500,000</b>	<b>\$28,900,000</b>	<b>-\$28,900,000</b>	<b>\$10,400,000</b>	<b>-\$10,400,000</b>	
<b>Expenditure Items</b>							
	<b>GF</b>	<b>CF/other</b>	<b>GF</b>	<b>CF/other</b>	<b>GF</b>	<b>CF/other</b>	
R1 Ridge View*	2,000,000	0	3,506,832	1,800,000	1,506,832	1,800,000	N
R2 Board Assess. Appeals	0	150,000	0	87,265	0	-62,735	N
R3 Analytics for Unhoused	267,816	0	0	187,659	-267,816	187,659	Y
R4 Defense Council 1 <sup>st</sup> Appearance Program	-392,159	0	-788,311	0	-396,152	0	N**
BA1 EDO staff	0	214,743	0	0	0	-214,743	N
BA2 manufactured homes & mobile home park oversight	752,000	793,973	0	0	-752,000	-793,973	N**
BA3 FLEX	-305,016	0	-305,016	0	0	0	N
SI Gray & Black MJ Program	0	0	0	-795,117	0	-795,117	N**
Centrally Appropriated	1,837,387	-8,360	762,537	1,153,021	-1,074,850	1,161,381	N
Annualization & Technical	61,092	2,133,957	168,359	2,939,641	107,267	805,684	N
<b>Total</b>	<b>\$4,221,120</b>	<b>\$3,284,313</b>	<b>\$3,344,401</b>	<b>\$5,372,469</b>	<b>-\$876,719</b>	<b>\$2,088,156</b>	
<b>Net GF Relief: General Fund Revenue Less Expense</b>							
	<b>\$14,278,880</b>		<b>\$25,555,599</b>		<b>\$11,276,719</b>		

\* Department's CF revenue adjustment was unclear; the amount shown reflects the Department's proposed use of a cash fund over two years

\*\*Legislation recommended but not required

# Joint Budget Committee



## Staff Figure Setting FY 2025-26

### Department of Local Affairs

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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February 14, 2025

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**How to Use this Document:** The Department Overview contains a table summarizing the staff recommended changes. Brief explanations of each change follow the table. Each division description includes a similar table but does not repeat the brief explanations. Sections following the Department Overview and the division summary tables provide more details about the changes.

To find decision items, look at the Decision Items Affecting Multiple Divisions or the most relevant division. This applies to both decision items requested by the department and recommended by the staff. Decision items appear in the requested priority order within sections.

In some of the analysis of decision items in this document, you may see language denoting certain ‘levels of evidence’, e.g. evidence-informed, promising, or proven. For a detailed

explanation of what is meant by 'levels of evidence', and how those levels of evidence are categorized, please refer to Section 2-3-210 (2), C.R.S.

# Department Overview

The Department of Local Affairs (DOLA) is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's budget is comprised of four sections:

- The *Executive Director's Office (EDO)* provides leadership and support, including strategic planning, policy management, accounting, budgeting, purchasing, human resources administration, and public information. The State Demography Office is housed within the EDO.
- The *Division of Property Taxation* operates under the leadership of the *Property Tax Administrator*, who is appointed by the *State Board of Equalization*. This division: (1) coordinates and administers the implementation of property tax law throughout the state, including issuing appraisal standards and training county assessors; (2) grants exemptions from taxation for eligible entities; and (3) values multi-county companies doing business in Colorado, including railroads, pipelines, and other public utilities. The *Board of Assessment Appeals* is a quasi-judicial body that hears individual taxpayer appeals concerning the valuation of real and personal property, property tax abatements, and property tax exemptions.
- The *Division of Housing* administers state and federal affordable housing programs, including: (1) providing funding to private housing developers, housing authorities, and local governments to increase the inventory of affordable housing; and (2) offering rental assistance statewide through local housing authorities and non-profit service organizations. This division also regulates the manufacture of factory-built residential and commercial buildings, and approves multi-family construction in counties with no construction codes.
- The *Division of Local Government* provides technical assistance and information to local government officials. This division also makes state and federal financial resources available to support community infrastructure and services through various statutory formula distributions and grant programs.



# Summary of Staff Recommendations

Department of Local Affairs						
Item	Total Funds	General Fund <sup>1</sup>	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$379,394,624	\$70,113,196	\$166,163,764	\$18,265,146	\$124,852,518	238.9
Other legislation	1,348,235	560,989	787,246	0	0	6.9
S.B. 25-100 (Supplemental)	27,721	10,539	10,778	4,606	1,798	0.0
Long Bill supplemental	168,414,184	132,828	167,226,918	1,054,438	0	0.0
<b>Total</b>	<b>\$549,184,764</b>	<b>\$70,817,552</b>	<b>\$334,188,706</b>	<b>\$19,324,190</b>	<b>\$124,854,316</b>	<b>245.8</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$549,184,764	\$70,817,552	\$334,188,706	\$19,324,190	\$124,854,316	245.8
R1 Ridge View Campus operating expenses	5,306,832	3,506,832	0	1,800,000	0	3.7
R2 Board of Assessment Appeals legal assistant	87,265	0	87,265	0	0	1.0
R3 Analytics for unhoused Coloradans	0	0	0	0	0	0.0
R4 Defense Counsel on First Appearance Grant Program reduction	-788,311	-788,311	0	0	0	0.0
R5 Severance tax transfer	0	0	0	0	0	0.0
BA1 Accounting and HR staffing	0	0	0	0	0	0.0
BA2 Manufactured Buildings and Mobile Home Park Dispute Resolution Cash Funds	0	0	0	0	0	0.0
BA3 FLEX Program repeal	-305,016	-305,016	0	0	0	-1.0
SI Informational funds adjustments	13,833,082	0	13,833,082	0	0	0.0
SI Affordable housing costs true-up	49,391	0	0	49,391	0	0.0
SI Gray and Black Market Marijuana Grant Program reduction	-795,117	0	-795,117	0	0	0.0
Impacts driven by other agencies	8,018,752	0	0	8,018,752	0	3.7
Annualize prior year legislation	3,154,764	283,752	2,414,342	456,670	0	-0.1
Centrally appropriated line items	1,915,558	762,537	284,171	654,461	214,389	0.0
Indirect cost assessment	59,845	0	172,231	-50,758	-61,628	0.0
Annualize prior year budget actions	-154,670	-114,063	-10,782	-28,029	-1,796	0.1
Technical adjustments	-1,330	-1,330	0	0	0	-1.4
<b>Total</b>	<b>\$579,565,809</b>	<b>\$74,161,953</b>	<b>\$350,173,898</b>	<b>\$30,224,677</b>	<b>\$125,005,281</b>	<b>251.8</b>
Change from FY 2024-25	\$30,381,045	\$3,344,401	\$15,985,192	\$10,900,487	\$150,965	6.0
Percentage Change	5.5%	4.7%	4.8%	56.4%	0.1%	0.0
FY 2025-26 Executive Request	\$396,291,243	\$74,896,582	\$170,396,432	\$25,977,844	\$125,020,385	255.9
Staff Rec. Above/-Below Request	\$183,274,566	-\$734,629	\$179,777,466	\$4,246,833	-\$15,104	-4.1

<sup>1</sup> Includes General Fund Exempt.

# Description of Incremental Changes

## FY 2024-25

**Recommended Long Bill Add-on – Payments to OIT Interim Supplemental:** Staff recommends a supplemental appropriation through a Long Bill add-on of \$132,828 General Fund for Payments to OIT to align the appropriation in S.B. 24-111 (Senior Primary Residence Property Tax Reduction) with the Legislative Council Final Fiscal Note. The Committee previously approved an interim supplemental request for this item; it was accidentally omitted from the Department of Local Affairs’ supplemental bill. The \$132,828 General Fund appropriation, which will be reappropriated to the Governor’s Office of Information Technology (OIT), is necessary for the implementation of S.B. 24-111.

**Recommended Long Bill Add-on – Firefighter Benefits Interim Supplemental:** Staff recommends a supplemental appropriation through a Long Bill add-on for \$300,000 reappropriated funds from the Firefighters Benefits Cash Fund to address a technical deficiency in the appropriations clause for H.B. 24-1219 (First Responder Employer Health Benefit Trusts). The Committee previously approved an interim supplemental request for this item; it was accidentally omitted from the Department of Local Affairs’ supplemental bill.

**Recommended Long Bill Add-on – Informational Funds:** The recommendation adds informational funds from three sources:

- \$129,926,918 cash funds from the Affordable Housing Support Fund to reflect, *for informational purposes*, the estimated revenue that will be received by the Department in FY 2024-25 from Proposition 123 receipts. Most of this amount is in the Division of Housing and reflects programs for affordable home ownership and for persons experiencing homelessness, and 5.0 percent is included in the Division of Local Government for local government planning grants.
- \$37,300,000 cash funds to reflect, *for informational purposes*, the estimated revenue from vendor fees that are deposited to the Housing Development Grant Fund in the Division of Housing.
- \$1,119,000 reappropriated funds to reflect, *for informational purposes*, the 3.0 percent share of vendor fee revenue deposited to the Housing Development Grant Fund that may be used for Division of Housing administration based on current law. This increase is included in the Affordable Housing Program Costs line item.

**Recommended Long Bill Add-on – Technical Correction to Affordable Housing Program Costs:** The recommendation reduces the amount in the Affordable Housing Program Costs line item that is reappropriated from the Affordable Housing Grants and Loans line item by \$364,562. This reappropriated amount is funding for administration, which is limited, by law, to 3.0 percent of appropriations to the Housing Development Grant Fund, including the appropriations for Affordable Housing Grants and Loans. In FY 2024-25, the General Assembly reduced the state funds appropriation for Affordable Housing Grants and Loans, but, due to a technical error, there was not a related reduction to the Affordable Housing Program Costs line item. This change corrects the error, reducing the reappropriated funds amount from this

source in the Affordable Housing Program Costs line item to \$540,000 (3.0 percent of the \$18.0 million General Fund appropriated for Affordable Housing Grants and Loans).

## FY 2025-26

**R1 Ridge View Campus operating expenses [legislation recommended]:** The Department requests \$2.0 million General Fund for partial first-year operating costs for the Ridge View campus, which is being renovated pursuant to S.B. 22-211 (Ridge View Campus). The staff recommendation includes \$3.5 million General Fund and \$1.8 million reappropriated funds shown for informational purposes from the Affordable Housing Support Fund (Proposition 123 Funds). This amount is anticipated to cover approximately six months of the annual FY 2025-26 operating costs of \$10.8 million, while six months will be covered through residual funds from S.B. 22-211.

The request anticipated use of \$8.5 million from the Innovative Housing Incentive Program (a cash fund in the Governor’s Office of Economic Development and International Trade intended to support the development and expansion of innovative housing manufacturing businesses) between FY 2025-26 and FY 2026-27. The staff recommendation is to transfer this amount to the General Fund through a larger transfer bill. Staff anticipates that in FY 2026-27, up to \$11.5 million total, including up to \$9.8 million from the General Fund, will be required for program operations, however, the staff recommendation is that details for FY 2026-27 are addressed through a decision item.

Staff and the Department agree that this request is “evidence informed” under the S.B. 21-284 evidence categories. This is based primarily on a 2018 study of the Fort Lyon facility in Bent County which serves as the primary model for the new Ridge View campus.

**R2 Board of Assessment Appeals legal assistant [legislation recommended]:** The request includes an increase of \$150,000 from the Board of Assessment Appeals (BAA) Cash Fund to enable it to add a 1.0 FTE legal assistant on an ongoing basis. The staff recommendation is for an increase of \$87,265 cash funds from the BAA cash funds and 1.0 FTE. The staff recommendation takes into account ongoing revenue anticipated to be received from the BAA cash fund and common policy calculations for staffing. The staff recommendation also includes a transfer of \$200,000 from the BAA cash fund to the General Fund in a larger transfer bill. The new position replaces a series of temporary positions that the Board has used to avoid backlogs in processing assessment appeals.

**R3 Analytics for Unhoused Coloradans [legislation recommended]:** The Department requests \$267,816 General Fund and 2.4 FTE, annualizing to \$398,343 General Fund in FY 2026-27 and ongoing, to improve the Colorado Homeless Management Information System (COHMIS) to support the collection, analysis, and implementation of information to better understand the nature of homelessness in Colorado and measure the success of relevant programs. The request indicates that Department also expects to access \$420,000 in one-time cash funds (off-budget) in FY 2025-26 to cover technology and consulting costs related to improving the system.

Based on updated communication with the Department, staff does not recommend any additional funding for this initiative in the Long Bill. Instead, staff recommends new legislation that will: (1) increase the administrative cap on the Housing Development Grant Fund from 3.0 percent to 5.0 percent; (2) make administrative funds reappropriated from the Housing Development Grant Fund subject to appropriation; and (3) provide an appropriation of \$187,659 reappropriated from the Housing Development Grant Fund and 2.0 FTE for FY 2025-26. The amount would annualize to \$293,687 and 2.0 FTE in FY 2026-27.

**R4 Defense Counsel on First Appearance Grant Program reduction [legislation recommended]:** The recommendation includes a reduction of \$788,311 General Fund for FY 2025-26, annualizing to \$1,188,311 in FY 2026-27 and ongoing. The recommendation would leave \$715,000 available in FY 2025-26 and \$315,000 available for future years. Staff also recommends the Committee sponsor legislation to put parameters for the grant program in statute to exclude municipalities with a population of over 100,000 from receiving grant funds beginning in FY 2026-27. The Department's November request included a one-time reduction of \$392,159 General Fund to the Defense Counsel on First Appearance (DCFA) Grant Program. Additional cuts were not formally requested in the January budget submission, but the Department collaborated with staff on this recommendation. The Department indicates that the DCFA program is 'evidence-informed' under the H.B. 24-1428 evidence categories; staff disagrees and designates this program as 'ineligible'.

**R5 Severance tax transfer [legislation recommended]:** The request as submitted proposes to transfer \$10.0 million from the Local Government Severance Tax Fund to the General Fund in FY 2025-26. Based on further communication with the Department, the staff recommendation would add a transfer of \$10.0 million in FY 2024-25, for total transfers of \$20.0 million. Most severance tax revenue is distributed equally between the Departments of Local Affairs and Natural Resources. The portion directed to the Department of Local Affairs is statutorily allocated between formula distributions (30.0 percent) and Energy/Mineral Impact Assistance Fund grants for local government infrastructure, land use planning, and other projects (70.0 percent). Historically the General Assembly has reduced or eliminated funds available for grants based on the needs of the General Fund and available severance tax revenue. While available new revenue for the Local Government Severance Tax Fund has declined, the Department maintains sufficient reserves that, based on current forecasts, it will be able to continue to offer significant local government grants even with the proposed transfers.

**BA1 Accounting and human resources staffing:** The Department requests an increase of \$214,743 reappropriated funds and 1.8 FTE in FY 2025-26, annualizing to \$222,562 reappropriated funds and 2.0 FTE in FY 2026-27, for an Accountant and a Human Resource Specialist in the Executive Director's Office to address increasing Department responsibilities. The positions would support a critical need for financial analysis developing from recent large increases in the Department's total budget, and for labor relations management with the recent changes to the state personnel system. Staff recommends a denial of the request.

Staff recommendation differs from the request due to the size of funding and staff not reflected in the Long Bill and the term-limited positions resulting from one-time funding. The main drivers of the Department's size and complexity stems from one-time federal funds and funds

not represented in the Long Bill, including funding for affordable housing from Proposition 123 and the Housing Development Grant Fund. Sixty-nine term-limited positions will roll off of the Department in the next fiscal years, and the Department will maintain the 3 of 6 temporary HR staff through the close of FY 25-26. The requested staff will be supported from reappropriated funds, which would require the Department to increase their indirect cost collection. With many of these costs recovered from federal programs, which have increasing uncertainty, staff recommends against approval of the request.

### **BA2 Manufactured Buildings and Mobile Home Park Dispute Resolution Cash Funds**

**[legislation recommended]:** The Department request for FY 2025-26 includes proposed increases to appropriations and cash funds spending authority for two cash funds and related programs. (1) For the Building Regulation Fund, the Department requested a General Fund appropriation of \$300,000 and an increase cash funds spending authority by \$337,731, anticipating an increase in program fees. (2) For the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund, the Department requested a General Fund appropriation of \$452,000 and requested that the Long Bill reflect an increase in cash funds spending of \$456,242, based on an increase in program fees. The Department also grouped a request for the Private Activity Bond Program Cash Fund with the above items in its FY 2024-25 supplemental request, although it did not submit a related FY 2025-26 request.

Staff recommends \$0 adjustments to General Fund or cash funds amounts for the Building Regulation Fund and the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund. Staff also recommends that the Committee sponsor legislation that, on an ongoing basis, will transfer end of year reserves from the Private Activity Bond Program Cash Fund that exceed \$100,000 to the General Fund. Staff recommends that the Committee consider sponsoring legislation to make the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund subject to appropriation. Finally, the Committee could consider various changes to mobile home park oversight statutes that would reduce department responsibilities and required funding on an ongoing basis. Staff recommends the Committee discuss such options with other interested legislators.

**BA3 FLEX Program repeal [no action needed]:** The Department submitted a supplemental request and corresponding budget amendment to repeal the Financial Literacy and Exchange (FLEX) Program and transfer the remaining fund balance, estimated at \$625,000 at the end of FY 2024-25, to the General Fund. The Committee sponsored S.B. 25-114 (Repeal of the FLEX Program) as part of the supplemental package; no additional action is needed. The FY 2025-26 recommendation includes \$0 for the FLEX Program line. The FLEX Program was created by House Bill 22-1389 (Financial Literacy Exchange Program); no participants have been enrolled into this program to date.

**SI Informational funds adjustments:** The recommendation includes adjustments to Proposition 123 and vendor fee revenue that staff recommends including in the budget for informational purposes. Almost all changes are in the Division of Housing. The adjustments are based on the December 2024 Legislative Council Staff forecast for FY 2025-26 revenue deposited to the Affordable Housing Support Fund (Proposition 123) and vendor fees deposited to the Housing Development Grant Fund.

**SI Affordable housing costs true-up:** The recommendation includes a technical adjustment to align appropriations in the Affordable Housing Program Costs line item to existing law, resulting in a net increase of \$49,391 reappropriated funds. These adjustments reduce some amounts that are reappropriated to the Affordable Housing Program Costs line item and increase others that are shown for informational purposes to align with the statutory restriction that 3.0 percent of appropriations and transfers to the Housing Development Grant Fund may be reappropriated for division administrative costs.

**SI Gray and Black Market Marijuana Grant Program reduction [legislation recommended]:** The recommendation includes a reduction of \$795,117 cash funds from the Marijuana Tax Cash Fund (MTCF) to eliminate new grants for the Gray and Black Market Marijuana Enforcement Grant Program in FY 2025-26. The recommendation leaves \$175,100 intact for administrative costs to oversee 38 open contracts from FY 2024-25 funding awards that expire in May of 2026. The recommendation eliminates funding for the program entirely in FY 2026-27 and ongoing. Staff recommended cutting the program by \$150,000 during the briefing process; the Governor’s January 2<sup>nd</sup> budget letter expressed support for eliminating the program entirely.

**Impacts driven by other agencies:** The request includes a net increase of \$8.0 million reappropriated funds from the Department of Health Care Policy and Financing (HCPF) and 3.7 FTE for a non-prioritized request originating in HCPF. HCPF BA7 includes an expansion of the Medicaid 1115 waiver into a Comprehensive Demonstration Waiver, which allows for rental assistance services to be covered by Medicaid and eligible for the federal match. Medicaid members that are homeless or at risk of homelessness would qualify for this waiver, who would otherwise qualify for the General Fund supported Community Access Team Voucher (CAT) rental assistance or Permanent Supportive Housing (PSH). The interagency agreement would allow DOLA to bill HCPF for the rental assistance, which realizes General Fund savings from the Medicaid match and reinvests the savings in the waiver. This decision item will be discussed during figure setting for the Department of Health Care Policy and Financing.

**Annualize prior year legislation:** The recommendation includes a net increase of \$3.2 million total funds, including \$283,752 General Fund, to reflect the FY 2024-25 impact of bills passed in previous sessions, summarized in the following table.

Annualize prior year legislation						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 24-1152 ADUs	\$1,743,151	\$0	\$1,743,151	\$0	\$0	-0.2
HB 18-1020 Civil asset forfeiture	880,225	0	880,225	0	0	0.0
HB 24-1219 First responder health benefits	400,000	200,000	0	200,000	0	0.0
HB 24-1237 Child care facilities	250,000	250,000	-250,000	250,000	0	0.0
HB 24-1294 Mobile Homes	40,966	0	40,966	0	0	0.0
HB24B-1001 Property tax	39,932	33,262	0	6,670	0	0.5
SB 24-111 Senior primary res prop tax reduction	19,004	19,004	0	0	0	0.3
SB 24-233 Property tax	-108,413	-108,413	0	0	0	-0.5
SB 24-183 Mobile home taxation task force	-53,995	-53,995	0	0	0	-0.2
HB 24-1302 Tax Rate Info to Owners	-51,106	-51,106	0	0	0	0.0
SB 24-016 Tax Credits Intermediaries	-5,000	-5,000	0	0	0	0.0
<b>Total</b>	<b>\$3,154,764</b>	<b>\$283,752</b>	<b>\$2,414,342</b>	<b>\$456,670</b>	<b>\$0</b>	<b>-0.1</b>



**Centrally appropriated line items:** The recommendation includes a net increase of \$1.9 million total funds, including \$762,537 General Fund for centrally appropriated line items, summarized in the table below.

Centrally appropriated line items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$550,826	\$105,346	-\$111,717	\$419,645	\$137,552	0.0
Salary survey	528,895	167,369	87,828	176,106	97,592	0.0
Legal services	383,780	449,222	-56,343	-9,099	0	0.0
Payments to OIT	229,446	-2,435	121,238	81,931	28,712	0.0
Step Plan	106,256	33,625	17,645	35,380	19,606	0.0
Capitol Complex leased space	102,411	8,172	254,958	-68,300	-92,419	0.0
PERA direct distribution	40,379	15,357	-19,721	32,007	12,736	0.0
Vehicle lease payments	36,700	4,069	25,421	7,210	0	0.0
AED and SAED adjustment	27,651	19,534	-105,859	86,785	27,191	0.0
Paid Family & Medical Leave Insurance	1,224	879	-4,763	3,885	1,223	0.0
Short-term disability	415	293	-1,588	1,302	408	0.0
Leased space	-39,000	-12,825	0	-26,175	0	0.0
CORE adjustment	-17,754	-4,485	19,248	-18,340	-14,177	0.0
BANP Short-term disability	-15,420	-4,880	-2,561	-5,134	-2,845	0.0
Workers' compensation	-10,748	-8,908	29,047	-30,887	0	0.0
Health, life, dental true-up	-6,453	-2,042	-1,072	-2,149	-1,190	0.0
ALJ services	-2,816	0	-2,816	0	0	0.0
Risk management & property	-234	-5,754	35,226	-29,706	0	0.0
<b>Total</b>	<b>\$1,915,558</b>	<b>\$762,537</b>	<b>\$284,171</b>	<b>\$654,461</b>	<b>\$214,389</b>	<b>0.0</b>

**Indirect cost assessment:** The recommendation includes a net increase for the Department's updated indirect cost plan. The Indirect Cost Plan is discussed in detail at the end of this document.

**Annualize prior year budget actions:** The recommendation includes a net decrease of \$154,670 total funds, including a reduction of \$114,063 General Fund, for the out-year cost of prior year budget actions, summarized in the following table.

Annualize prior year budget actions						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Business product manager	\$5,090	\$0	0	\$5,090	\$0	0.1
Annualize Long Bill add-on	-103,524	-103,524	0	0	0	0.0
Prior year salary survey	-16,740	0	-2	-16,740	2	0.0
Annualize vehicle lease supplemental	-14,087	-6,501	-5,780	-1,806	0	0.0
Annualize OIT real time billing supplemental	-13,634	-4,038	-4,998	-2,800	-1,798	0.0
FY 2024-25 Step Plan	-11,775	0	-2	-11,773	0	0.0
<b>Total</b>	<b>-\$154,670</b>	<b>-\$114,063</b>	<b>-\$10,782</b>	<b>-\$28,029</b>	<b>-\$1,796</b>	<b>0.1</b>

**Technical adjustments:** The request includes reductions of \$1,330 General Fund 1.4 FTE related to technical issues.

# Major Differences from the Request

- The staff recommendation for the Ridge View Campus includes both technical and substantive differences from the request as submitted. The recommendation reflects \$1.8 million to support facility operating costs from Proposition 123 funds and provides a General Fund appropriation of \$3.5 million. The request as submitted was for \$2.0 million General Fund. The \$1.8 million from Proposition 123 funds is a substantive change from the original request, and the total program costs assumed for FY 2025-26 are somewhat lower than the request amounts. However, the different General Fund amounts primarily reflect a technical change in how money from the Innovative Housing Incentives Program is shown. Both the request and recommendation assume \$8.5 million will be provided from this source, but the request reduced General Fund appropriations on this basis, while the recommendation transfers this amount to the General Fund.
- Staff has recommended against the Department's requests for BA1 (\$214,743 and 1.8 FTE request) and BA2 (\$1.5 million request), as well as the General Fund request for R3 (\$267,816 and 2.4 FTE), although staff has recommended a statutory change that would enable the Department to fund R3 from internal sources.
- The staff recommendation includes a larger reduction for R4 than the request (reduction of \$788,311, rather than \$392,159) and provides a smaller increase for R2 (\$87,265 cash funds, rather than the \$150,000 requested). Staff also adds a \$200,000 transfer to the General Fund.
- The largest dollar differences between the request and recommendation are because the recommendation proposes to add Proposition 123 funds and vendor fee amounts into the Long Bill for informational purposes in both FY 2024-25 and FY 2025-26. This has no impact on funds available to the Department but, if approved, would substantially change the scale of the Department's budget. The request was for a total of \$396.3 million in FY 2025-26. The recommendation is for \$579.6 million.
- The staff recommendation includes many technical changes from the request and multiple proposals for statutory changes. Many of the statutory change components involve transferring money to the General Fund. The largest of these transfers, and a difference from the request, is to increase a proposed transfer from the Local Government Severance Tax Fund to \$20.0 million from \$10.0 million.



# Decision Items Affecting Multiple Divisions

➔ Staff-initiated: Reflect Vendor Fee and Proposition 123 Revenue for Informational Purposes; Appropriate Funds Used for Administration [Legislation Recommended]

## Recommendation

*New Informational Line Items and Amounts:* Staff recommends that the Committee add amounts to the FY 2025-26 Long Bill and adjust FY 2024-25 Long Bill amounts to reflect, *for informational purposes:*

- Estimated annual revenue available to the Division of Housing from Vendor Fee revenue deposited to the Housing Development Grant Fund, including \$37.3 million in FY 2024-25 and \$40.5 million in FY 2025-26.
- Estimated annual revenue available to the Division of Housing and the Division of Local Government from the Affordable Housing Support Fund created in Proposition 123, including \$129.9 million in FY 2024-25 and \$140.6 million in FY 2025-26.
- Estimated Vendor Fee revenue reappropriated to Division of Housing administration (Affordable Housing Program Costs) up to the current statutory cap of 3.0 percent.

FY 2024-25 Long Bill supplemental – Addition to Base					
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	FTE
SI Reflect Proposition 123 in budget	\$129,926,918	\$0	\$129,926,918	\$0	0.0
SI Reflect DOLA vendor fees in HDGF	38,419,000	0	37,300,000	1,119,000	0.0
<b>Total</b>	<b>\$168,345,918</b>	<b>\$0</b>	<b>\$167,226,918</b>	<b>\$1,119,000</b>	<b>\$0</b>

FY 2025-26 Adjustment - Reflect Proposition 123 funds				
Item	Total Funds	General Fund	Cash Funds	FTE
SI Reflect Proposition 123 informational funds	\$10,633,082	\$0	\$10,633,082	0.0
<b>Total</b>	<b>\$10,633,082</b>	<b>\$0</b>	<b>\$10,633,082</b>	<b>0.0</b>

FY 2025-26 Adjustment - Reflect Vendor Fee Revenue				
Item	Total Funds	General Fund	Cash Funds	FTE
Reflect DOLA vendor fees in Housing Grants line item	\$3,200,000	\$0	\$3,200,000	0.0
<b>Total</b>	<b>\$3,200,000</b>	<b>\$0</b>	<b>\$3,200,000</b>	<b>0.0</b>

*Statutory Change to Appropriate Related Administrative Funds:* Staff also recommends the Committee sponsor legislation to make funds that are used for state administrative activities that originate from these fund sources subject to appropriation.

- Elsewhere in this packet, staff has recommended a statutory change that would make **vendor fee revenue** that is reappropriated for administrative purposes subject to appropriation effective FY 2025-26, as part of a change to increase the cap on administrative funding for Housing Development Grant Funds.
- The JBC could **also** consider making **Proposition 123 revenue** that is used for department administration and for services and operations at state-operated facilities subject to appropriation. However, if the JBC wishes to make this change, staff recommends making such a change effective in FY 2026-27, given the scope and complexity of related administrative staffing. The current administrative cap for Proposition 123 money allows up to 5.0 percent of total funds for administration, representing about \$7.0 million per year. Staff does not wish to add an amount on this scale for administration, along with large numbers of FTE, without further review. If a statutory change made these funds subject to appropriation effective FY 2026-27, staff anticipates that the Department would include its administrative costs and staffing for Proposition 123 funds in its FY 2026-27 budget request. Similar to the way staff recommends showing Vendor Fee revenue, staff anticipates that administrative funds would be shown as reappropriated from the informational line items.

## Analysis

### Advantages & Disadvantages of Adding Informational Funds

Adding \$168.3 million to the Department of Local Affairs base budget in FY 2024-25 and an additional \$13.7 million for FY 2026-27 is significant in the scale of the Department of Local Affairs Budget. The advantage of this change, from staff’s perspective, is that it can assist legislators in understanding the amount of state funds being made available to support affordable housing activities. In this case, the informational amounts can be adjusted each year based on economic forecasts, so staff will not need to rely on the Department to update estimates.

The disadvantage of the proposed change is that it will make the state and department budgets larger without adding additional legislative control. Staff is not recommending that most of these funds be made subject to annual appropriation because many of the ways in which they are used occur over multiple years in a “lumpy” fashion. This kind of spending does not align well with the annual appropriation process.

For context, of the total amounts included in the state budget, about 15.4 percent are annotated with an “(I)”, indicating that they are shown for informational purposes.

FY 2024-25 Appropriations and Informational "(I)" Notations – Total State Budget			
Fund Source	Operating and Capital Budget Appropriations	(I) Notation Budget Grand Totals	(I) Notation Amounts as % of Appropriations
General Fund and General Fund Exempt	\$15,570,803,929	\$240,071,412	1.5%

FY 2024-25 Appropriations and Informational "(I)" Notations – Total State Budget			
Fund Source	Operating and Capital Budget Appropriations	(I) Notation Budget Grand Totals	(I) Notation Amounts as % of Appropriations
Capital Construction Fund	350,986,019	0	n/a
Cash Funds	13,008,826,603	2,789,253,578	21.4%
Reappropriated Funds	2,841,266,650	264,344,284	9.3%
Federal Funds	12,597,434,287	3,536,799,587	28.1%
<b>Total</b>	<b>\$44,369,317,488</b>	<b>\$6,830,468,861</b>	<b>15.4%</b>

Reflecting informational funds in the Long Bill has advantages and disadvantages. On the one hand:

- Adding these funds helps the JBC, other legislators, and members of the public understand more about the scale of the budget and the context for amounts that are subject to appropriation.
- Putting funds “on budget” helps ensure that state funds that are “continuously” appropriated are not entirely forgotten by legislators or staff and can thus be redirected to other uses if need be.
- Putting funds “on budget” is the only way that legislative staff can ensure, for now, that there is reporting on actual expenditures from a program. Even if the amount in the Long Bill is an estimate, the actuals submitted in subsequent years should be meaningful.

On the other hand:

- Amounts included in the Long Bill solely for informational purposes can be distorting. They can make the budget appear to increase or decrease, even when this is not related to decisions of the General Assembly.
- Amounts that are shown for informational purposes are also often incorrect, since there is little incentive to update them. When they are updated, such changes can look like a meaningful adjustment to the budget when it is not.
- Whether an amount is shown “on-budget” in a department usually reflects the preferences of individuals involved in that budget (particularly JBC staff), rather than a consistent policy. There are large sources of funding that are not shown in the Long Bill: local contributions for K-12 education, unemployment insurance benefits, and food assistance benefits, to name a few. Adding some of these in—particularly the K-12 local share—would substantially change the perceived size of the budget.

**For the future, staff’s preference would be to *eliminate* informational funds from the Long Bill, rather than add them.** However, this can only occur when there is widespread acceptance of an alternative. Staff has been working with the Controller’s Office on a related project for several years. **Staff believes that fully implementing an alternative and ensuring a report is developed that meets all parties’ needs for reporting off-budget funds is likely at least a couple of years away.**

**In the meantime, staff is—with some reservations—suggesting *more* informational amounts in the Department of Local Affairs, given the General Assembly’s interest in housing funding.**

## Proposition 123 Background

Proposition 123, adopted by voters in November, 2022, established the state affordable housing fund. Pursuant to section 29-32-102, C.R.S., one-tenth of one percent (or 0.1 percent) of federally taxable income is deposited into the fund, which is then split between two funds operated by the Department of Local Affairs and the Office of Economic Development and International Trade (OEDIT).

The Department manages the Affordable Housing Support Fund, which is allocated 40.0 percent of the state affordable housing fund. The Affordable Housing Support Fund is split across three programs:

- The Affordable Home Ownership Program (AHOP), operated by the Division of Housing, which offers home ownership down-payment assistance to first-time homebuyers. Assistance is provided to households at or below 120.0 percent of the Area Median Income, and the cost burden of the home has to be at or below 35.0 percent of the recipient's monthly household income. The program also offers grants and loans to non-profit organizations and localities to support affordable home ownership, and offers grants and loans to mobile home owners to assist in the purchase of a mobile home park. Up to half of the Affordable Housing Support Fund may be used to support this program. 5.0 percent of all funds allocated from the program each state fiscal year can be used to support direct and indirect costs of program administration.
- The Persons Experiencing Homelessness Program (PEH), operated by the Division of Housing, which provides rental assistance, housing vouchers, and eviction defense assistance to those experiencing or at risk of homelessness. The program also offers grants and loans to non-profit organizations and localities to support the development of supportive housing and other activities determined by the Department to contribute to the resolution and prevention of homelessness. Up to 45.0 percent of the Affordable Housing Support Fund may be used to support this program. 5.0 percent of all funds allocated from the program each state fiscal year can be used to support direct and indirect costs of program administration.
- The Local Planning Capacity Program, operated by the Division of Local Government, which provides grants and loans to local and tribal governments to increase the capacity of planning departments responsible for land use regulation, permitting, and zoning for housing development projects. Up to 5.0 percent of the Affordable Housing Support Fund may be used to support this program. 5.0 percent of all funds allocated from the program each state fiscal year can be used to support direct and indirect costs of program administration.

Governments wanting to receive affordable housing funding under Proposition 123 submit a commitment to the Division of Housing, the first beginning November 2023, that specified how the number of affordable housing units within its boundaries shall increase by three percent each year over the baseline. The baseline number of units reset every three years: applicants for the first funding cycle must demonstrate a 3.0 percent increase of units, compared to the November 2023 number, every year by the end of December 2026. The subsequent funding cycle, November 2026, applicants will submit a similar commitment and demonstrate a 3.0

percent increase of units, compared to the November 2026 number, every year by the end of December 2029, and so forth.

Applications may be accepted during funding cycles, demonstrating a 3.0 percent yearly increase over the baseline by the close of the cycle. An applicant at the beginning of the three-year cycle must demonstrate 9.0 percent growth by the close of the cycle, an applicant with two years remaining in the cycle must demonstrate 6.0 percent growth, and so forth.

202 jurisdictions filed commitments in 2023, for a proposed increase of 22,860 affordable housing units by 2026. 8 jurisdictions filed commitments in 2024, for a proposed increase of 109 affordable housing units by 2026.

Affordable Housing Support Fund Revenue				
Program	FY 2023-24 Revenue	FY 24-25 Revenue	FY 25-26 Proj. Revenue <sup>1</sup>	FY 26-27 Proj. Revenue <sup>1</sup>
Affordable Home Ownership (AHOP)	32,000,000	64,963,459	70,280,000	73,460,000
Persons Experiencing Homelessness (PEH)	28,000,000	58,467,113	63,252,000	66,114,000
Local Planning Capacity	3,200,000	6,496,346	7,028,000	7,346,000
<b>Total for Affordable Housing Support Fund</b>	<b>\$63,200,000</b>	<b>\$129,926,918</b>	<b>\$140,560,000</b>	<b>\$146,920,000</b>

At present, the only Affordable Housing Support Fund appropriations in the Long Bill are small amounts included in centrally appropriated line items. Nothing on this scale is “on budget” at this time.

### Housing Development Grant Fund

Section 24-32-721, C.R.S. creates the Housing Development Grant Fund, consisting of money appropriated to the “Colorado Affordable Housing Construction Grants and Loan Fund”, money transferred to the fund, federal grants, other contributions, gifts, grants and donations, and primarily consists of sales tax vendor fee revenue. Pursuant to 39-26-123 (3)(b)(II), C.R.S., the increase in sales and use tax attributable to vendor fee changes are credited to the Housing Development Grant Fund, with a portion retained in the General Fund amounting to \$35,985,335 for FY 2024-25 through FY 2031-32, added by HB 24-1434 (Expanding Affordable Housing Tax Credit).

The fund is continuously appropriated, and is not reflected in the Long Bill. Appropriations into the fund are reflected in the Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S. line, but the largest source of revenue for the fund, sales tax vendor fee revenue, is not included in the line.

The fund is used generally for grants and loans to increase or preserve the supply of affordable housing in the state, including economic data collection to advise the Department on local housing conditions. Applications for funding are reviewed by the Department, which presents recommendations to the State Housing Board for final approval. Pursuant to section 24-32-721 (2)(a), C.R.S., priority is given to owners of property that was destroyed or damaged as a result

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<sup>1</sup> Based off of the December Forecast from Legislative Council Staff

of a declared natural disaster and have received the maximum insurance proceeds and other available assistance. 30.0 percent of the funding must be allocated to affordable housing projects that support individuals at or below 30.0 percent of the Area Median Income. In addition, funding is awarded for the following purposes:

- Grants and loans for the acquisition and preservation of for-sale homes in nonurban areas for households with an annual income of up to 120.0 percent of the Area Median Income;
- Down payment assistance for households with an annual income of up to 100.0 percent of the Area Median Income.
- Home rehabilitation programs;
- The repair, replacement, and disposal of mobile homes;
- Grants and loans for the financing of land acquisition and infrastructure costs of planned affordable developments;
- Grants and loans for the development of housing targeted at any specific Area Median Income level;
- Rental assistance and tenancy support programs for individuals and families experiencing homelessness, Medicaid clients needing in-home services, homeless and disabled veterans, domestic violence survivors, and low-income households below 60.0 percent Area Median Income; and
- Grants and loans for the acquisition and renovation of underutilized hotels and motels to develop affordable housing or shelter for people experiencing homelessness.

The Division of Housing awarded \$30.8 million in funds for affordable housing preservation and production in FY 23-24 from the Housing Development Grant Fund. The \$8.8 million General Fund appropriation supports the Homeless Solution Program voucher, which was previously supported by a \$15.3 million Marijuana Tax Cash Fund appropriation reflected in the Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S. line item.

Housing Development Grant Fund Nonexempt Revenue (Vendor Fees)			
FY 23-24 Revenue	FY 24-25 Revenue	FY 25-26 Proj. Revenue <sup>2</sup>	FY 26-27 Proj. Revenue <sup>2</sup>
\$76,900,000	\$42,000,000	\$42,100,000	\$46,400,000

At present, the only amounts from vendor fees included in the Long Bill are small amounts included in centrally appropriated line items. Nothing on this scale is “on budget” at this time.

## → Indirect Cost Adjustments

### Recommendation

The recommendation includes adjustments to reflect the Department’s indirect cost plan. Indirect cost collections offset General Fund that would otherwise be required to support positions in the Department’s Executive Director’s Office. The adjustments result in a net increase of \$59,845 total funds department-wide. For additional information about the indirect

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<sup>2</sup> Based off of the December Forecast from the Office of State Planning and Budgeting

cost plan and the impact on individual line items, see the Indirect Cost Plan section at the end of this document and line item detail in each division. When the Committee votes to approve line item detail, this includes changes related to the indirect cost plan.

## **i: Technical Corrections and Adjustments**

The recommendation includes multiple technical corrections to the original request that are reflected in line items throughout the Department. Some key examples include:

- Centrally appropriated fund sources: The recommendation modifies fund sources for centrally appropriated line items, reducing the General Fund required from \$1.8 million to \$762,000.
- Annualization of HB 24-1237 (Child Care Facilities): The request identified this program as cash funded, but it is, in fact, supported by a General Fund transfer to a cash fund (\$250,000). Staff adjusted fund sources to correctly reflect the legislation.
- Annualization of HB24-1219 (First Responder Health Benefits): The request added \$250,000 General Fund, rather than the \$200,000 required.

Details of the many differences between the recommendation and request are described in the line item detail in each division. When the Committee votes to approve line item detail, these corrections are included.

# (1) Executive Director's Office

The Executive Director's Office (EDO) includes two subdivisions. First, the Administration subdivision is responsible for the management and administration of the Department, including accounting, budgeting, human resources, and other functions statutorily assigned to the Department such as administration of the Moffat Tunnel Improvement District. Second, the State Demography Office provides population and demographic data and analysis for the state. This includes providing support to other state agencies, federal partners, local governments, and the public about demographic trends at the state, regional, county, and municipal levels.

Executive Director's Office						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$16,489,982	\$5,105,237	\$3,825,581	\$5,541,706	\$2,017,458	26.1
Other legislation	214,924	144,924	70,000	0	0	0.0
S.B. 25-100 (Supplemental)	27,721	10,539	10,778	4,606	1,798	0.0
Long Bill supplemental	132,828	132,828	0	0	0	0.0
<b>Total FY 2024-25</b>	<b>\$16,865,455</b>	<b>\$5,393,528</b>	<b>\$3,906,359</b>	<b>\$5,546,312</b>	<b>\$2,019,256</b>	<b>26.1</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$16,865,455	\$5,393,528	\$3,906,359	\$5,546,312	\$2,019,256	26.1
BA1 Accounting and HR staffing	0	0	0	0	0	0.0
Impacts driven by other agencies	396,071	0	0	396,071	0	3.7
Centrally appropriated line items	1,915,558	762,537	284,171	654,461	214,389	0.0
Annualize prior year budget actions	-1,324,203	-488,726	-335,487	-253,381	-246,609	0.1
Annualize prior year legislation	-144,844	-127,480	-24,034	6,670	0	0.0
Indirect cost assessment	-1,673	0	-1,437	0	-236	0.0
<b>Total FY 2025-26</b>	<b>\$17,706,364</b>	<b>\$5,539,859</b>	<b>\$3,829,572</b>	<b>\$6,350,133</b>	<b>\$1,986,800</b>	<b>29.9</b>
<b>Change from FY 2024-25</b>	<b>\$840,909</b>	<b>\$146,331</b>	<b>-\$76,787</b>	<b>\$803,821</b>	<b>-\$32,456</b>	<b>3.8</b>
<b>Percentage Change</b>	<b>5.0%</b>	<b>2.7%</b>	<b>-2.0%</b>	<b>14.5%</b>	<b>-1.6%</b>	<b>14.6%</b>
<b>FY 2025-26 Executive Request</b>	<b>\$17,474,288</b>	<b>\$6,579,648</b>	<b>\$3,463,038</b>	<b>\$5,408,359</b>	<b>\$2,023,243</b>	<b>31.7</b>
<b>Staff Rec. Above/-Below Request</b>	<b>\$232,076</b>	<b>-\$1,039,789</b>	<b>\$366,534</b>	<b>\$941,774</b>	<b>-\$36,443</b>	<b>-1.8</b>

## Decision Items

### → BA1 Accounting and Human Resources Staffing

#### Request

The Department requests an increase of \$214,743 reappropriated funds and 1.8 FTE in FY 2025-26, annualizing to \$222,562 reappropriated funds and 2.0 FTE in FY 2026-27, for an Accountant and a Human Resource Specialist to address increasing Department responsibilities. The new



FTE would provide needed capacity to manage the rapidly expanding resources going through the Department and the accompanying staff.

The Human Resources Specialist IV position would offer training support and oversight for the new enhancements to the state personnel system, including the new COWINS partnership agreement, Skill Based Hiring, Step Pay Analysis, and FAMLI.

## Recommendation

**Staff recommends denial of the request.**

## Analysis

The Department states that recent legislative activity has increased the Department’s responsibilities and shifted internal program administration, and the additional FTE is needed to support the services provided and meet legislative requirements.

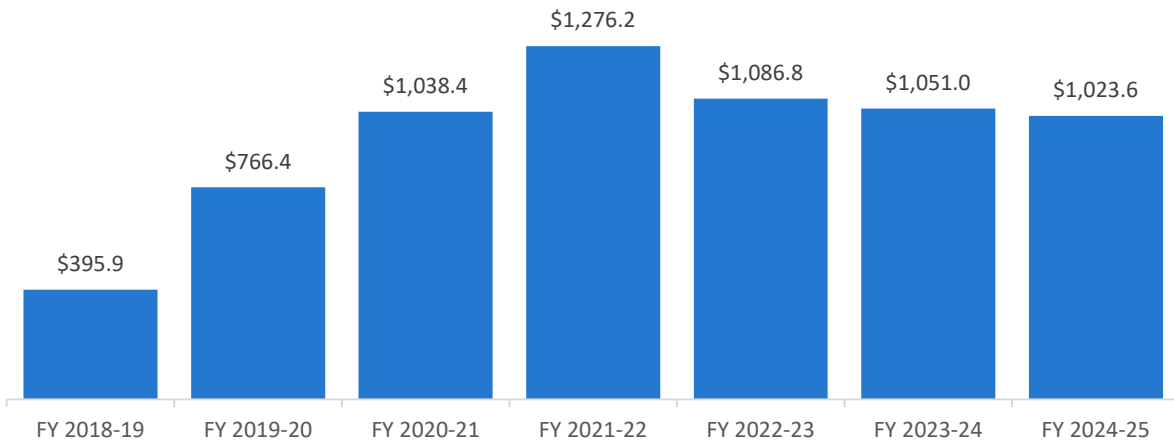
The Department has listed the following changes that are driving the request:

- House Bill 24-1308 (Effective Implementation of Affordable Housing Programs) overhauls the application review, award, and contracting processes for affordable housing in the interest of funding transparency and optimization with state housing partners;
- The COVID-19 pandemic led to a substantial increase in Department responsibilities, including an increased number of appropriation units, number of funds, and staff;

Year	DOLA Size								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Number of Appropriation Units	179	186	195	207	229	250	281	277	301
Percent Change	N/A	3.8%	4.6%	5.8%	9.6%	8.4%	11.0%	-1.4%	8.0%
Number of Funds	31	32	35	41	48	56	64	67	71
Percent Change	N/A	3.1%	8.6%	14.6%	14.6%	14.3%	12.5%	4.5%	5.6%
Staff Count	235	244	230	255	278	334	364	399	N/A
Percent Change	N/A	3.7%	-6.1%	9.8%	8.3%	16.8%	8.2%	8.8%	N/A

- The Department received more federal stimulus dollars than any other state department, including \$1.5 billion of COVID-19 American Rescue Plan Act dollars directed through the General Assembly. The budget has increased by 258.0 percent since FY 2018-19.

DOLA budgeted total by fiscal year  
(Long Bill and non-Long Bill)



JBC Staff Considerations

Staff recognizes that central administration for the department is over-stretched, given the extraordinary expansion of programs over the last five years. However, some of those programs rely on one-time funding that will phase out by December 2026, if not before. A major staff focus this is year is ensuring that:

- Funding is reflected in the State budget, at least on an informational basis, for those programs that are ongoing, including a large number of new programs in the Division of Housing. Staff also hopes the JBC will sponsor legislation that makes administrative staff subject to annual appropriation for ongoing activities;
- For any new staff added to the EDO, there is justification based on ongoing—and not just temporary—programs. Further, these new staff can be supported through the indirect cost collections available from the Department’s many programs and within the administrative caps that exist for those programs.

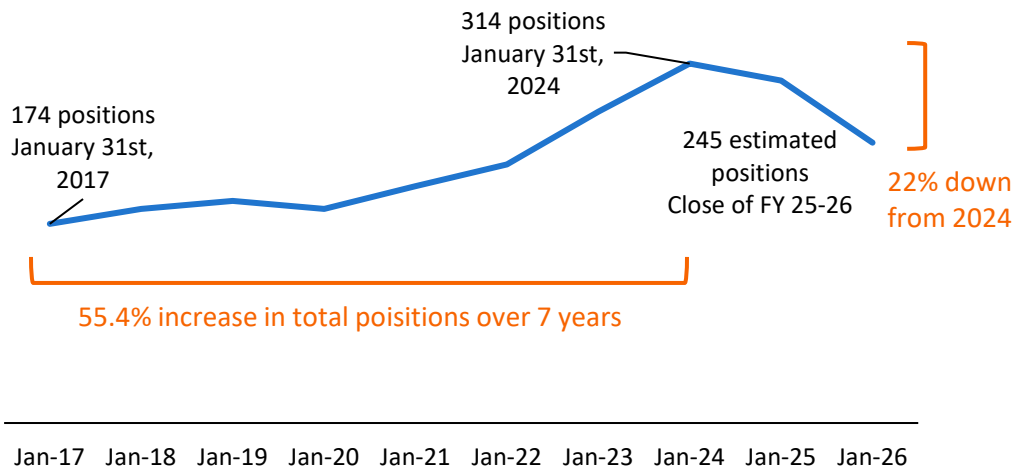
Recent History of FTE Increases in Department EDO

FTE Appropriated to the Department of Local Affairs EDO		
Year	FTE	Components
FY 2013-14 until FY 2021-22	14.2	EDO Administration - Base FTE as of FY 2021-22
FY 2022-23 Budget Request (annualized)	3.0	1.0 FTE Human Resource Specialist III 1.0 FTE Accountant II 1.0 FTE Budget Analyst II
FY 2023-24 Budget Request (annualized)	2.0	0.5 FTE Payroll Technician; 0.5 FTE Timekeeping and Leave Coordinator 1.0 FTE Revolving Loan Funds Accounting Specialist.
FY 2024-25 Budget Request (annualized)	1.0	1.0 FTE IT Business product Manager
FY 2025-26 Base FTE	<b>20.2</b>	

## Term-limited Staffing

The responsibilities of the Department increased substantially in recent years due to the large influx of federal dollars and the State’s need for affordable housing and rental assistance. The staff increases that are driving the Department’s request are due in large part to this recent funding, with some of those positions being term-limited and phasing out in the coming fiscal years. The chart below provides an estimate of the Department staff count with the expiration of these term-limited positions, using historical data on position count up to January 31, 2024.

Term-limited positions are **expiring** at the end of the budget year



The Department’s responsibilities and permanent staff may continue to increase, but the recent trends provided by the Department are not representative of that future. The roll-off of temporary staff would alleviate some of the burden mentioned in the request.

Some of the drivers of this increase and the request are permanent, such as state funded affordable housing programs through Proposition 123. Permanent staff are needed to support these programs, and the roll-off of temporary positions may exacerbate the problem. However, the majority of this funding is not reflected in the Long-Bill, including the FTE, which is where the Department has seen the most growth recently.

## Budgeted Staff

The Department manages a large portion of funding that is “off-budget”, or funds which are not appropriated through the Long Bill and often are not reflected at all. These off-budget funds are mostly located in the Division of Housing, including about a hundred million dollars of Proposition 123 revenue and about \$40 million in sales tax vendor fee revenue deposited into the Housing Development Grant Fund that is not reflected.

The off-budget fund sources are supporting Department FTE, with most of those positions located in the Division of Housing.

Department of Local Affairs Off-Budget FTE								
Division	FY 25-26				FY 26-27			
	On	Off	Total	Percent Off Budget	On	Off	Total	Percent Off Budget
EDO	32.7	10.2	42.9	23.8%	32.7	8.2	40.9	20.0%
Property Tax	48.0	0.0	48.0	0.0%	48.0	0.0	48.0	0.0%
DOH	85.3	79.7	165.0	48.3%	80.8	52.2	133.0	39.2%
DLG	60.1	17.9	78.0	22.9%	58.8	16.2	75.0	21.6%
<b>Total</b>	<b>226.1</b>	<b>107.8</b>	<b>333.9</b>	<b>32.3%</b>	<b>220.3</b>	<b>76.6</b>	<b>296.9</b>	<b>25.8%</b>

These off-budget funds are a substantial portion of the Department’s workload, and the FTE are not reported or reflected in the Long Bill. Staff aims to have these positions be appropriated in the future, but currently they are not in the Long Bill. The Department is requesting the FTE instead of using off-budget funds because the FTE will support the entire Department, including on-budget and appropriated staff and programs. However, the critical need stated by the Department is largely driven by the recent influx of continuously appropriated funds. The reappropriated funds requested for these positions is in line with this influx, but the Department would need to increase their indirect funds collection to account for the new positions.

### Reappropriated Funding and Indirect Costs

The proposed positions would be supported from reappropriated funds, including indirect cost recoveries from federal grant programs and administrative funds from continuously appropriated and off-budget programs. The Department would need to increase their indirect cost collections in order to support the proposed FTE, and considering the uncertainty around current federal funding sources, the indirect costs may not be able to support those reappropriated funds on a permanent basis.

### Human Resources Considerations

The Department’s request highlights the current ratio of HR staff, with 3 permanent HR employees for 382 staff or a ratio of 0.79 HR staff per 100 employees. The Department claims that the ratio of other state agencies lies around 1.8 HR staff per 100 employees, citing the Department of Corrections, Human Services, and the Office of Information and Technology. An additional HR position would allow for a ratio of 1.0 HR staff per 100 employees.

The departments claimed to have a ratio of 1.8 HR staff per 100 employees are not comparable to the Department of Local Affairs. Corrections, Human Services, and the Office of Information and Technology all have substantially more staff than the Department, ranging from 3 to more than 10 times the size. Corrections and Human Services are personnel heavy departments, providing services and employing a wide range of staff that work in distinct environments not comparable to those found in Local Affairs. Additionally, staff notes that the Department did not provide the source for these HR ratios.

Previous requests for HR staffing, specifically from the Department of Education for FY 24-25, found that state agencies ranged from 0.9 FTE per 100 staff (DOC) to 3.5 FTE per 100 staff (CDEC).

The Department currently has six HR positions in the Executive Director’s Office, with three term-limited positions expiring in December 2026. The 0.79 HR staff per 100 employees claimed by the Department is based on 3 total HR staff, when in reality that ratio will be more than double that until the end of the 2026 calendar year.

The request is based off of the assumption that by the end of the 2026 calendar year, the Department will maintain a staffing level of 400 total employees. However, with the roll-off of term-limited positions (the Department cites the expiration of 69 positions in their November hearing), the Department would need to rapidly expand in order to meet that 400 employee assumption.

## **i: Long Bill Add-on – Payments to OIT Interim Supplemental**

Staff will include an add-on supplemental adjustment to the Long Bill to align with JBC action on an interim supplemental request that was approved in September 2024. By approving this request when the General Assembly was not in session, the JBC committed to introducing a bill with the approved supplemental adjustment. The Department and staff failed to note this interim supplemental when the Committee was considering regular supplemental requests in January, so this item was inadvertently omitted from the Department of Local Affairs supplemental package bill. Staff will therefore include the adjustment as a Long Bill supplemental add-on.

Through the interim supplemental process, the JBC approved an FY 2024-25 increase of \$132,828 General Fund for Payments to OIT to align the appropriation in S.B. 24-111 (Senior Primary Residence Property Tax Reduction) with the Legislative Council Final Fiscal Note.

The \$132,828 General Fund appropriation, which will be reappropriated to the Governor’s Office of Information Technology (OIT), is necessary for the implementation of S.B. 24-111.

# Line Item Detail

## (A) Administration

### Personal Services

This line item supports 20.1 FTE in the Executive Director’s Office.

*Statutory authority:* Article 32 of Title 24, C.R.S.

*Request:* The Department requests \$2,756,984 reappropriated funds, of which \$269,844 is from the Department of Health Care Policy and Financing for BA7 and the remainder is from indirect cost recoveries.

*Recommendation:* **Staff recommends \$2,557,586 reappropriated funds, including the denial of BA1 as discussed above.** Staff requests permission to make adjustments to reflect the Committee’s decision on HCPF BA7.

Executive Director's Office, Administration, Personal Services						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$2,186,478	\$0	\$0	\$2,186,478	\$0	20.1
<b>Total FY 2024-25</b>	<b>\$2,186,478</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,186,478</b>	<b>\$0</b>	<b>20.1</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$2,186,478	\$0	\$0	\$2,186,478	\$0	20.1
Impacts driven by other agencies	269,844	0	0	269,844	0	3.7
Annualize prior year budget actions	101,264	0	0	101,264	0	0.1
BA1 Accounting and HR staffing	0	0	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$2,557,586</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,557,586</b>	<b>\$0</b>	<b>23.9</b>
Changes from FY 2024-25	\$371,108	\$0	\$0	\$371,108	\$0	3.8
Percentage Change	17.0%	n/a	n/a	17.0%	n/a	18.9%
FY 2025-26 Executive Request	\$2,756,984	\$0	\$0	\$2,756,984	\$0	25.7
Staff Rec. Above/-Below Request	-\$199,398	\$0	\$0	-\$199,398	\$0	-1.8

### Health, Life, and Dental

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for State employees.

*Statutory authority:* Pursuant to Section 24-50-611, C.R.S., and defined in Section 24-50-603 (9), C.R.S.

*Request:* The Department request is shown on the table below.

**Recommendation: Staff recommendation is pending a Committee common policy decision that affects this line item and a decision on HCPF BA7.** Staff requests permission to make adjustments as necessary to reflect the Committee’s final action.

Executive Director's Office, Administration, Health, Life, and Dental						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$3,174,283	\$1,073,465	\$730,309	\$820,705	\$549,804	0.0
<b>Total FY 2024-25</b>	<b>\$3,174,283</b>	<b>\$1,073,465</b>	<b>\$730,309</b>	<b>\$820,705</b>	<b>\$549,804</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$3,174,283	\$1,073,465	\$730,309	\$820,705	\$549,804	0.0
Centrally appropriated line items	544,373	103,304	-112,789	417,496	136,362	0.0
Impacts driven by other agencies	51,624	0	0	51,624	0	0.0
<b>Total FY 2025-26</b>	<b>\$3,770,280</b>	<b>\$1,176,769</b>	<b>\$617,520</b>	<b>\$1,289,825</b>	<b>\$686,166</b>	<b>0.0</b>
Changes from FY 2024-25	\$595,997	\$103,304	-\$112,789	\$469,120	\$136,362	0.0
Percentage Change	18.8%	9.6%	-15.4%	57.2%	24.8%	n/a
FY 2025-26 Executive Request	\$3,770,281	\$1,702,954	\$743,349	\$595,543	\$728,435	0.0
Staff Rec. Above/-Below Request	-\$1	-\$526,185	-\$125,829	\$694,282	-\$42,269	0.0

## Short-Term Disability

This line item provides funding for the employer's share of State employees' short-term disability insurance premiums.

*Statutory authority:* Pursuant to Section 24-50-611, C.R.S., and defined in Section 24-50-603 (13), C.R.S.

*Request:* The Department request is shown on the table below.

**Recommendation: Staff recommendation is pending a Committee common policy decision that affects this line item and a decision on BA7 in HCPF.** Staff requests permission to make adjustments as necessary to reflect the Committee’s final action.

Executive Director's Office, Administration, Short-term Disability						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$28,497	\$8,856	\$6,389	\$8,325	\$4,927	0.0
<b>Total FY 2024-25</b>	<b>\$28,497</b>	<b>\$8,856</b>	<b>\$6,389</b>	<b>\$8,325</b>	<b>\$4,927</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$28,497	\$8,856	\$6,389	\$8,325	\$4,927	0.0
Impacts driven by other agencies	357	0	0	357	0	0.0
Centrally appropriated line items	-15,005	-4,587	-4,149	-3,832	-2,437	0.0

**Executive Director's Office, Administration, Short-term Disability**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total FY 2025-26	\$13,849	\$4,269	\$2,240	\$4,850	\$2,490	0.0
Changes from FY 2024-25	-\$14,648	-\$4,587	-\$4,149	-\$3,475	-\$2,437	0.0
Percentage Change	-51.4%	-51.8%	-64.9%	-41.7%	-49.5%	n/a
FY 2025-26 Executive Request	\$13,849	\$6,469	\$2,315	\$2,745	\$2,320	0.0
Staff Rec. Above/-Below Request	\$0	-\$2,200	-\$75	\$2,105	\$170	0.0

## Unfunded Liability Amortization Equalization Disbursement Payments

This line item provides funding for amortization and supplemental amortization payments to increase the funded status of the Public Employees’ Retirement Association (PERA).

*Statutory authority:* Section 24-51-411, C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* Staff recommendation is pending a Committee common policy decision that affects this line item and a decision on BA7 in HCPF.** Staff requests permission to make adjustments as necessary to reflect the Committee’s final action.

**Executive Director's Office, Administration, AED/SAED**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$1,899,732	\$590,386	\$425,920	\$554,976	\$328,450	0.0
Total FY 2024-25	\$1,899,732	\$590,386	\$425,920	\$554,976	\$328,450	0.0
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$1,899,732	\$590,386	\$425,920	\$554,976	\$328,450	0.0
Centrally appropriated line items	27,651	19,534	-105,859	86,785	27,191	0.0
Impacts driven by other agencies	23,868	0	0	23,868	0	0.0
Total FY 2025-26	\$1,951,251	\$609,920	\$320,061	\$665,629	\$355,641	0.0
Changes from FY 2024-25	\$51,519	\$19,534	-\$105,859	\$110,653	\$27,191	0.0
Percentage Change	2.7%	3.3%	-24.9%	19.9%	8.3%	n/a
FY 2025-26 Executive Request	\$1,951,251	\$924,183	\$330,717	\$364,983	\$331,368	0.0
Staff Rec. Above/-Below Request	\$0	-\$314,263	-\$10,656	\$300,646	\$24,273	0.0

## Paid Family and Medical Leave Insurance

Colorado Proposition 118 (Paid Family Medical Leave Initiative) was approved by voters in 2020, creating a paid family and medical leave insurance (FAMLI) program for all Colorado employees administered by the Colorado Department of Labor and Employment. This requires employees in Colorado to pay a payroll premium (set by the director of the division of family



and medical leave insurance as of January 1, 2025) to finance paid family and medical leave insurance benefits beginning January 1, 2023. The program began financing up to 12 weeks of paid family and medical leave to eligible employees on January 1, 2024.

*Statutory authority:* Section 8-13.3-516, C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* Staff recommendation is pending a Committee common policy decision that affects this line item and a decision on BA7 in HCPF.** Staff requests permission to make adjustments as necessary to reflect the Committee’s final action.

Executive Director's Office, Administration, Paid Family Medical Leave Insurance						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$85,488	\$26,567	\$19,166	\$24,974	\$14,781	0.0
<b>Total FY 2024-25</b>	<b>\$85,488</b>	<b>\$26,567</b>	<b>\$19,166</b>	<b>\$24,974</b>	<b>\$14,781</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$85,488	\$26,567	\$19,166	\$24,974	\$14,781	0.0
Centrally appropriated line items	1,224	879	-4,763	3,885	1,223	0.0
Impacts driven by other agencies	1,074	0	0	1,074	0	0.0
<b>Total FY 2025-26</b>	<b>\$87,786</b>	<b>\$27,446</b>	<b>\$14,403</b>	<b>\$29,933</b>	<b>\$16,004</b>	<b>0.0</b>
Changes from FY 2024-25	\$2,298	\$879	-\$4,763	\$4,959	\$1,223	0.0
Percentage Change	2.7%	3.3%	-24.9%	19.9%	8.3%	n/a
FY 2025-26 Executive Request	\$87,806	\$41,588	\$14,882	\$16,424	\$14,912	0.0
Staff Rec. Above/-Below Request	-\$20	-\$14,142	-\$479	\$13,509	\$1,092	0.0

## Salary Survey

The Department uses this line item to pay for annual increases for salary survey and senior executive service positions.

*Statutory authority:* Section 24-50-104, C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* Staff recommendation is pending a Committee common policy decision that affects this line item.** Staff requests permission to make adjustments as necessary to reflect the Committee’s final action.

Executive Director's Office, Administration, Salary Survey						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$687,434	\$214,008	\$152,764	\$202,472	\$118,190	0.0

Executive Director's Office, Administration, Salary Survey

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total FY 2024-25	\$687,434	\$214,008	\$152,764	\$202,472	\$118,190	0.0
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$687,434	\$214,008	\$152,764	\$202,472	\$118,190	0.0
Centrally appropriated line items	528,895	167,369	87,828	176,106	97,592	0.0
Annualize prior year budget actions	-687,434	-214,008	-152,764	-202,472	-118,190	0.0
Total FY 2025-26	\$528,895	\$167,369	\$87,828	\$176,106	\$97,592	0.0
Changes from FY 2024-25	-\$158,539	-\$46,639	-\$64,936	-\$26,366	-\$20,598	0.0
Percentage Change	-23.1%	-21.8%	-42.5%	-13.0%	-17.4%	n/a
FY 2025-26 Executive Request	\$528,895	\$253,746	\$90,763	\$93,696	\$90,690	0.0
Staff Rec. Above/-Below Request	\$0	-\$86,377	-\$2,935	\$82,410	\$6,902	0.0

### Step Pay Increase

This line item provides detail on the amount of funding appropriated to each department as a result of the step pay plan. The step pay plan took effect in FY 2024-25 and is a result of negotiations between the State of Colorado and Colorado Workers for Innovative and New Solutions (COWINS).

*Statutory authority:* Section 24-50-1101, C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* Staff recommendation is pending a Committee common policy decision that affects this line item.** Staff requests permission to make adjustments as necessary to reflect the Committee’s final action.

Executive Director's Office, Administration, Step Increase

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$638,041	\$188,367	\$179,341	\$142,344	\$127,989	0.0
Total FY 2024-25	\$638,041	\$188,367	\$179,341	\$142,344	\$127,989	0.0
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$638,041	\$188,367	\$179,341	\$142,344	\$127,989	0.0
Centrally appropriated line items	106,256	33,625	17,645	35,380	19,606	0.0
Annualize prior year budget actions	-638,041	-188,367	-179,341	-142,344	-127,989	0.0
Total FY 2025-26	\$106,256	\$33,625	\$17,645	\$35,380	\$19,606	0.0
Changes from FY 2024-25	-\$531,785	-\$154,742	-\$161,696	-\$106,964	-\$108,383	0.0
Percentage Change	-83.3%	-82.1%	-90.2%	-75.1%	-84.7%	n/a
FY 2025-26 Executive Request	\$106,256	\$45,232	\$17,807	\$15,020	\$28,197	0.0
Staff Rec. Above/-Below Request	\$0	-\$11,607	-\$162	\$20,360	-\$8,591	0.0

## PERA Direct Distribution

This line item is included as a common policy allocation payment for the state portion of the PERA Direct Distribution created in Section 24-51-414, C.R.S., enacted in S.B. 18-200.

*Statutory authority:* Section 24-51-414 (2), C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* Staff recommendation is pending a Committee common policy decision that affects this line item.** Staff requests permission to make adjustments as necessary to reflect the Committee’s final action.

Executive Director's Office, Administration, PERA Direct Distribution						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$454,531	\$141,256	\$101,906	\$132,784	\$78,585	0.0
<b>Total FY 2024-25</b>	<b>\$454,531</b>	<b>\$141,256</b>	<b>\$101,906</b>	<b>\$132,784</b>	<b>\$78,585</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$454,531	\$141,256	\$101,906	\$132,784	\$78,585	0.0
Centrally appropriated line items	40,379	15,357	-19,721	32,007	12,736	0.0
<b>Total FY 2025-26</b>	<b>\$494,910</b>	<b>\$156,613</b>	<b>\$82,185</b>	<b>\$164,791</b>	<b>\$91,321</b>	<b>0.0</b>
Changes from FY 2024-25	\$40,379	\$15,357	-\$19,721	\$32,007	\$12,736	0.0
Percentage Change	8.9%	10.9%	-19.4%	24.1%	16.2%	n/a
FY 2025-26 Executive Request	\$494,910	\$237,306	\$84,882	\$87,618	\$85,104	0.0
Staff Rec. Above/-Below Request	\$0	-\$80,693	-\$2,697	\$77,173	\$6,217	0.0

## Workers' Compensation

This line item is used to pay the Department's estimated share for inclusion in the State's workers' compensation program for state employees.

*Statutory authority:* Section 24-30-1510.7, C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* The recommendation is summarized below and includes all actions taken by the Committee on January 31.**

Executive Director's Office, Administration, Workers' Compensation						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$151,560	\$53,617	\$32,062	\$65,881	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$151,560</b>	<b>\$53,617</b>	<b>\$32,062</b>	<b>\$65,881</b>	<b>\$0</b>	<b>0.0</b>

**Executive Director's Office, Administration, Workers' Compensation**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$151,560	\$53,617	\$32,062	\$65,881	\$0	0.0
Centrally appropriated line items	-10,748	-8,908	29,047	-30,887	0	0.0
<b>Total FY 2025-26</b>	<b>\$140,812</b>	<b>\$44,709</b>	<b>\$61,109</b>	<b>\$34,994</b>	<b>\$0</b>	<b>0.0</b>
<b>Changes from FY 2024-25</b>						
Changes from FY 2024-25	-\$10,748	-\$8,908	\$29,047	-\$30,887	\$0	0.0
Percentage Change	-7.1%	-16.6%	90.6%	-46.9%	n/a	n/a
<b>FY 2025-26 Executive Request</b>						
FY 2025-26 Executive Request	\$141,018	\$44,773	\$61,200	\$35,045	\$0	0.0
Staff Rec. Above/-Below Request	-\$206	-\$64	-\$91	-\$51	\$0	0.0

## Operating expenses

This line item includes funding for operating expenses for the Executive Director's Office as well as funding for capital outlay, motor pool, and software maintenance agreements.

*Statutory authority:* Article 32 of Title 24, C.R.S.

**Request:** The Department request is shown on the table below and includes an increase driven by a request in HCPF.

**Recommendation:** Staff recommends **\$179,233** reappropriated funds, which excludes costs associated with B1. Staff requests permission to make adjustments to reflect the Committee's decision on HCPF BA7.

**Executive Director's Office, Administration, Operating Expenses**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$147,082	\$0	\$0	\$147,082	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$147,082</b>	<b>\$0</b>	<b>\$0</b>	<b>\$147,082</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$147,082	\$0	\$0	\$147,082	\$0	0.0
Impacts driven by other agencies	30,704	0	0	30,704	0	0.0
Annualize prior year legislation	6,670	0	0	6,670	0	0.0
BA1 Accounting and HR staffing	0	0	0	0	0	0.0
Annualize prior year budget actions	-5,223	0	0	-5,223	0	0.0
<b>Total FY 2025-26</b>	<b>\$179,233</b>	<b>\$0</b>	<b>\$0</b>	<b>\$179,233</b>	<b>\$0</b>	<b>0.0</b>
<b>Changes from FY 2024-25</b>						
Changes from FY 2024-25	\$32,151	\$0	\$0	\$32,151	\$0	0.0
Percentage Change	21.9%	#VALUE!	n/a	21.9%	n/a	n/a
<b>FY 2025-26 Executive Request</b>						
FY 2025-26 Executive Request	\$194,571	\$0	\$0	\$194,571	\$0	0.0
Staff Rec. Above/-Below Request	-\$15,338	\$0	\$0	-\$15,338	\$0	0.0

## Legal Services

This line item provides funding for the Department to purchase legal services from the Department of Law. Most of the appropriation funds legal services to the Board of Assessment Appeals, the Property Tax Administrator, and the Mobile Home Park Act Dispute Resolution and Enforcement Program. The balance of the legal services hours provides staffing for rule and regulation review, contract processing, and other miscellaneous legal needs.

*Statutory authority:* Sections 24-31-101 (1)(a), C.R.S. and 24-75-112 (1)(i), C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* Staff recommendation is pending a Committee common policy decision that affects this line item.** Staff requests permission to make adjustments as necessary to reflect the Committee’s final action.

Executive Director's Office, Administration, Legal Services						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$903,955	\$539,894	\$353,665	\$10,396	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$903,955</b>	<b>\$539,894</b>	<b>\$353,665</b>	<b>\$10,396</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$903,955	\$539,894	\$353,665	\$10,396	\$0	0.0
Centrally appropriated line items	383,780	449,222	-56,343	-9,099	0	0.0
Annualize prior year budget actions	40,966	0	40,966	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$1,328,701</b>	<b>\$989,116</b>	<b>\$338,288</b>	<b>\$1,297</b>	<b>\$0</b>	<b>0.0</b>
Changes from FY 2024-25	\$424,746	\$449,222	-\$15,377	-\$9,099	\$0	0.0
Percentage Change	47.0%	83.2%	-4.3%	-87.5%	n/a	n/a
FY 2025-26 Executive Request	\$1,328,701	\$989,116	\$338,288	\$1,297	\$0	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

## Administrative Law Judge Services

This line item is used to purchase administrative law services from the Department of Personnel.

*Statutory authority:* Sections 24-30-1001 (3) and 24-30-1002, C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* The recommendation is summarized below and includes all actions taken by the Committee on January 31.**

Executive Director's Office, Administration, Administrative Law Judge Services						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE

Executive Director's Office, Administration, Administrative Law Judge Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$9,580	\$0	\$9,580	\$0	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$9,580</b>	<b>\$0</b>	<b>\$9,580</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$9,580	\$0	\$9,580	\$0	\$0	0.0
Centrally appropriated line items	-2,816	0	-2,816	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$6,764</b>	<b>\$0</b>	<b>\$6,764</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Changes from FY 2024-25	-\$2,816	\$0	-\$2,816	\$0	\$0	0.0
Percentage Change	-29.4%	n/a	-29.4%	n/a	n/a	n/a
FY 2025-26 Executive Request	\$6,595	\$0	\$6,595	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$169	\$0	\$169	\$0	\$0	0.0

### Payment to Risk Management and Property Funds

The Department's share of liability and property insurance carried by the Department of Personnel and Administration is appropriated through this line item. The State's liability program is used to pay liability claims and expenses brought against the State.

*Statutory authority:* Sections 24-30-1510 and 24-30-1510.5, C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* The recommendation is summarized below and includes all actions taken by the Committee on January 31.**

Executive Director's Office, Administration, Payment to Risk Management and Property Funds

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$157,641	\$55,732	\$33,085	\$68,824	\$0	0.0
S.B. 25-100 (Supplemental)	\$0	\$0	\$0	\$0	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$157,641</b>	<b>\$55,732</b>	<b>\$33,085</b>	<b>\$68,824</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$157,641	\$55,732	\$33,085	\$68,824	\$0	0.0
Centrally appropriated line items	-234	-5,754	35,226	-29,706	0	0.0
<b>Total FY 2025-26</b>	<b>\$157,407</b>	<b>\$49,978</b>	<b>\$68,311</b>	<b>\$39,118</b>	<b>\$0</b>	<b>0.0</b>
Changes from FY 2024-25	-\$234	-\$5,754	\$35,226	-\$29,706	\$0	0.0
Percentage Change	-0.1%	-10.3%	106.5%	-43.2%	n/a	n/a
FY 2025-26 Executive Request	\$115,476	\$36,664	\$50,114	\$28,698	\$0	0.0
Staff Rec. Above/-Below Request	\$41,931	\$13,314	\$18,197	\$10,420	\$0	0.0

## Vehicle Lease Payments

This line item provides funding for annual payments to the Department of Personnel for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles.

*Statutory authority:* Section 24-30-1104 (2), C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* The recommendation is summarized below and includes all actions taken by the Committee on January 31.**

Executive Director's Office, Administration, Vehicle Lease Payments						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$121,638	\$66,032	\$41,704	\$13,902	\$0	0.0
S.B. 25-100 (Supplemental)	\$14,087	\$6,501	\$5,780	\$1,806	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$135,725</b>	<b>\$72,533</b>	<b>\$47,484</b>	<b>\$15,708</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$135,725	\$72,533	\$47,484	\$15,708	\$0	0.0
Centrally appropriated line items	36,700	4,069	25,421	7,210	0	0.0
Annualize prior year budget actions	-14,087	-6,501	-5,780	-1,806	0	0.0
<b>Total FY 2025-26</b>	<b>\$158,338</b>	<b>\$70,101</b>	<b>\$67,125</b>	<b>\$21,112</b>	<b>\$0</b>	<b>0.0</b>
Changes from FY 2024-25	\$22,613	-\$2,432	\$19,641	\$5,404	\$0	0.0
Percentage Change	16.7%	-3.4%	41.4%	34.4%	n/a	n/a
FY 2025-26 Executive Request	\$145,837	\$67,309	\$59,831	\$18,697	\$0	0.0
Staff Rec. Above/-Below Request	\$12,501	\$2,792	\$7,294	\$2,415	\$0	0.0

## Information Technology Asset Maintenance

This line item funds routine replacement of technology to keep it current and minimize work interruptions.

*Statutory authority:* Article 32 of Title 24, C.R.S.

*Request:* The Department requests \$102,656 total funds, including \$36,158 General Fund; this is a continuation level of funding.

***Recommendation:* Staff recommends approval of the request.**

## Leased Space

This line item funds leased space needs for the Department. The Department's overall leased space has declined significantly since FY 2018-19, with only one site remaining after FY 2024-25.

*Statutory authority:* Article 32 of Title 24, C.R.S.

*Request:* The Department requests \$26,600 total funds, of which \$18,600 is related to a non-prioritized budget amendment originating in HCPF.

*Recommendation:* **Staff recommends approval of the request** but requests permission to make adjustments pursuant to Committee decisions on HCPF BA7.

Executive Director's Office, Administration, Leased Space						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$47,000	\$18,500	\$0	\$28,500	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$47,000</b>	<b>\$18,500</b>	<b>\$0</b>	<b>\$28,500</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$47,000	\$18,500	\$0	\$28,500	\$0	0.0
Impacts driven by other agencies	18,600	0	0	18,600	0	0.0
Centrally appropriated line items	-39,000	-12,825	0	-26,175	0	0.0
<b>Total FY 2025-26</b>	<b>\$26,600</b>	<b>\$5,675</b>	<b>\$0</b>	<b>\$20,925</b>	<b>\$0</b>	<b>0.0</b>
Changes from FY 2024-25	-\$20,400	-\$12,825	\$0	-\$7,575	\$0	0.0
Percentage Change	-43.4%	-69.3%	n/a	-26.6%	n/a	n/a
FY 2025-26 Executive Request	\$26,600	\$5,675	\$0	\$20,925	\$0	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

## Capitol Complex Leased Space

This line item is used to pay the Department of Personnel for the costs of maintaining State buildings that are part of the Capitol Complex. The Department currently leases space in the Complex at 1313 Sherman Street and in Grand Junction. At both locations, DOLA provides financial support to local communities and professional and technical services to community leaders in the areas of governance, housing, and property tax administration.

*Statutory authority:* Section 24-30-1104 (4) and Part 1 of Article 82 of Title 24, C.R.S.

*Request:* The Department request is shown on the table below.

*Recommendation:* **The recommendation is summarized below and includes all actions taken by the Committee on January 31.**

Executive Director's Office, Administration, Capitol Complex Leased Space						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$891,319	\$282,544	\$142,398	\$251,695	\$214,682	0.0
<b>Total FY 2024-25</b>	<b>\$891,319</b>	<b>\$282,544</b>	<b>\$142,398</b>	<b>\$251,695</b>	<b>\$214,682</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$891,319	\$282,544	\$142,398	\$251,695	\$214,682	0.0



Executive Director's Office, Administration, Capitol Complex Leased Space

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Centrally appropriated line items	102,411	8,172	254,958	-68,300	-92,419	0.0
<b>Total FY 2025-26</b>	<b>\$993,730</b>	<b>\$290,716</b>	<b>\$397,356</b>	<b>\$183,395</b>	<b>\$122,263</b>	<b>0.0</b>
Changes from FY 2024-25	\$102,411	\$8,172	\$254,958	-\$68,300	-\$92,419	0.0
Percentage Change	11.5%	2.9%	179.0%	-27.1%	-43.0%	n/a
FY 2025-26 Executive Request	\$940,180	\$275,050	\$375,943	\$173,512	\$115,675	0.0
Staff Rec. Above/-Below Request	\$53,550	\$15,666	\$21,413	\$9,883	\$6,588	0.0

## Payments to OIT

This line item includes the Department appropriations for information technology services.

*Statutory authority:* Section 24-37.5-104, C.R.S.

*Request:* The Department request is shown on the table below.

**Recommendation: Staff recommendation is pending a Committee common policy decision that affects this line item.** Staff requests permission to make adjustments as necessary to reflect the Committee’s final action.

The recommendation also includes an FY 2024-25 Long Bill add-on for a previously approved interim supplemental for \$132,828 General Fund to align the appropriation with the Final Fiscal Note for S.B. 24-111 (Senior Primary Residence Property Tax Reduction).

Executive Director's Office, Administration, Payments to OIT

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$4,014,772	\$1,259,222	\$1,435,573	\$789,368	\$530,609	0.0
Other legislation	\$214,924	\$144,924	\$70,000	\$0	\$0	0.0
Long Bill supplemental	\$132,828	\$132,828	\$0	\$0	\$0	0.0
S.B. 25-100 (Supplemental)	\$13,634	\$4,038	\$4,998	\$2,800	\$1,798	0.0
<b>Total FY 2024-25</b>	<b>\$4,376,158</b>	<b>\$1,541,012</b>	<b>\$1,510,571</b>	<b>\$792,168</b>	<b>\$532,407</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$4,376,158	\$1,541,012	\$1,510,571	\$792,168	\$532,407	0.0
Centrally appropriated line items	229,446	-2,435	121,238	81,931	28,712	0.0
Annualize prior year legislation	-192,480	-127,480	-65,000	0	0	0.0
Annualize prior year budget actions	-117,158	-107,562	-4,998	-2,800	-1,798	0.0
<b>Total FY 2025-26</b>	<b>\$4,295,966</b>	<b>\$1,303,535</b>	<b>\$1,561,811</b>	<b>\$871,299</b>	<b>\$559,321</b>	<b>0.0</b>
Changes from FY 2024-25	-\$80,192	-\$237,477	\$51,240	\$79,131	\$26,914	0.0
Percentage Change	-1.8%	-15.4%	3.4%	10.0%	5.1%	n/a
FY 2025-26 Executive Request	\$3,703,187	\$1,274,231	\$998,336	\$871,299	\$559,321	0.0
Staff Rec. Above/-Below Request	\$592,779	\$29,304	\$563,475	\$0	\$0	0.0

## CORE Operations

This line item provides funds for the Department’s share of the operational costs of Colorado Operations Resource Engine (CORE), the statewide accounting system.

*Statutory authority:* Section 24-30-209, C.R.S.

*Request:* The Department request is shown on the table below.

***Recommendation:* The recommendation is summarized below and includes all actions taken by the Committee on January 31.**

Executive Director's Office, Administration, CORE Operations						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$118,422	\$32,682	\$19,293	\$40,411	\$26,036	0.0
<b>Total FY 2024-25</b>	<b>\$118,422</b>	<b>\$32,682</b>	<b>\$19,293</b>	<b>\$40,411</b>	<b>\$26,036</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$118,422	\$32,682	\$19,293	\$40,411	\$26,036	0.0
Centrally appropriated line items	-17,754	-4,485	19,248	-18,340	-14,177	0.0
<b>Total FY 2025-26</b>	<b>\$100,668</b>	<b>\$28,197</b>	<b>\$38,541</b>	<b>\$22,071</b>	<b>\$11,859</b>	<b>0.0</b>
Changes from FY 2024-25	-\$17,754	-\$4,485	\$19,248	-\$18,340	-\$14,177	0.0
Percentage Change	-15.0%	-13.7%	99.8%	-45.4%	-54.5%	n/a
FY 2025-26 Executive Request	\$359,027	\$100,565	\$137,455	\$78,713	\$42,294	0.0
Staff Rec. Above/-Below Request	-\$258,359	-\$72,368	-\$98,914	-\$56,642	-\$30,435	0.0

## IT Accessibility [Discontinued Line Item]

This line item supported payments to the Governor’s Office of Information and Technology (OIT) for implementation of digital accessibility standards pursuant to H.B. 21-1110 (Colorado Laws for Persons with Disabilities).

*Statutory authority:* Section 24-85-103, C.R.S.

*Request:* The Department did not request funding for this line item.

***Recommendation:* Staff recommends approval of the request.**

## Moffat Tunnel Improvement District

This line item funds the Department's administration of the Moffat Tunnel Improvement District. The Moffat Tunnel train tunnel, owned by the district, runs 6.2 miles under the Continental Divide between Rollinsville and Winter Park.

Freight trains, passenger trains, and fiber optic cables run through the tunnel bore. DOLA is provided custodial authority by statute, with rights to enter into contracts and to effect sale of

the property. However, revenue from the property is to be distributed to the nine Improvement District counties, after the Department has set aside sufficient revenue for administrative costs.<sup>3</sup>

Cash funds are received from annual lease revenues. There are currently two lessees, Union Pacific Railroad and Century Link (formerly Qwest). The leases require payments of \$12,000 per year from Union Pacific and \$14,659 per year from Century Link. The Union Pacific lease term ends in 2025 with a right to renew and the Century Link lease term ends in 2091 with right to renew. An agreement was recently reached to extend the Union Pacific lease for another 25 years. The new agreement will start on May 1, 2025; finalized terms have yet to be announced. The appropriation provides spending authority from reserves in the Moffat Tunnel Cash Fund in case money is needed to protect the right-of-way from legal challenges.

*Statutory authority:* Article 8 of Title 32, C.R.S.

*Request:* The Department requests a continuation of \$5,000 cash funds from the Moffat Tunnel Cash Fund.

*Recommendation:* **Staff recommends approval of the request.**

## (B) State Demography Office

### Program Costs

This line item provides funding for the State Demography Office, which provides population and demographic data and analysis for the state. This includes providing support to other state agencies, federal partners, local governments, and the public about demographic trends at the state, regional, county, and municipal levels.

*Statutory authority:* Section 24-32-203, C.R.S.

*Request:* The Department requests \$681,022 total funds (including \$538,629 General Fund) and 6.0 FTE. The request includes prior year salary adjustments.

*Recommendation:* **Staff recommends approval of the request.**

Executive Director's Office, State Demography Office, Program Costs						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
HB 24-1430 (Long Bill)	\$648,916	\$517,951	\$110,083	\$0	\$20,882	6.0
Total FY 2024-25	\$648,916	\$517,951	\$110,083	\$0	\$20,882	6.0

<sup>3</sup> Administrative costs do not include physical maintenance of the tunnel, since, pursuant to statute, the users of the tunnel are responsible for the cost of maintaining the tunnel, its approaches, and equipment. Users also have the right to construct and repair, for their own benefit and at their sole cost, improvements to the Tunnel.

**Executive Director's Office, State Demography Office, Program Costs**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$648,916	\$517,951	\$110,083	\$0	\$20,882	6.0
Annualize prior year budget actions	36,476	27,712	7,396	0	1,368	0.0
<b>Total FY 2025-26</b>	<b>\$685,392</b>	<b>\$545,663</b>	<b>\$117,479</b>	<b>\$0</b>	<b>\$22,250</b>	<b>6.0</b>
<b>Changes from FY 2024-25</b>						
Changes from FY 2024-25	\$36,476	\$27,712	\$7,396	\$0	\$1,368	0.0
Percentage Change	5.6%	5.4%	6.7%	n/a	6.6%	0.0%
<b>FY 2025-26 Executive Request</b>						
FY 2025-26 Executive Request	\$681,022	\$538,629	\$119,738	\$0	\$22,655	6.0
Staff Rec. Above-/Below Request	\$4,370	\$7,034	-\$2,259	\$0	-\$405	0.0

### Indirect Cost Assessment

This line reflects the amount of statewide and departmental indirect cost assessments within the State Demography Office. Statewide indirect cost assessments are charged to cash and federal programs for statewide overhead costs (such as those generated by the Department of Personnel), and then the assessments are used in administrative divisions to offset General Fund appropriations. Departmental indirect cost assessments are charged to cash and federally funded programs for departmental overhead costs.

Indirect cost assessments are currently used to offset General Fund in the Executive Director's Office.

*Statutory authority:* Colorado Fiscal Rules #8-3; Section 24-75-1401, C.R.S. [Indirect Costs Excess Recovery Fund]

*Request:* The Department requests \$14,186 total funds.

*Recommendation:* Staff recommends \$14,284 total funds, which is based on the Department's updated indirect cost plan. [More information about the Department's indirect cost assessments is provided at the end of this packet.]

**Executive Director's Office, State Demography Office, Indirect Cost Assessment**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$15,957	\$0	\$13,434	\$0	\$2,523	0.0
<b>Total FY 2024-25</b>	<b>\$15,957</b>	<b>\$0</b>	<b>\$13,434</b>	<b>\$0</b>	<b>\$2,523</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$15,957	\$0	\$13,434	\$0	\$2,523	0.0
Indirect cost assessment	-1,673	0	-1,437	0	-236	0.0
<b>Total FY 2025-26</b>	<b>\$14,284</b>	<b>\$0</b>	<b>\$11,997</b>	<b>\$0</b>	<b>\$2,287</b>	<b>0.0</b>
<b>Changes from FY 2024-25</b>						
Changes from FY 2024-25	-\$1,673	\$0	-\$1,437	\$0	-\$236	0.0

Executive Director's Office, State Demography Office, Indirect Cost Assessment

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Percentage Change	-10.5%	n/a	-10.7%	n/a	-9.4%	n/a
FY 2025-26 Executive Request	\$14,186	\$0	\$11,914	\$0	\$2,272	0.0
Staff Rec. Above/-Below Request	\$98	\$0	\$83	\$0	\$15	0.0

## (2) Property Taxation

This section provides funding for the Division of Property Taxation, which issues appraisal standards and provides training and technical assistance to county assessors; values multi-county companies; and grants taxation exemptions. This section also provides funding for the State Board of Equalization, which supervises the administration of property tax laws by local county assessors, as well as the Board of Assessment Appeals, which hears petitions for appeal on valuation, abatements, exemptions, and valuation of state-assessed properties.

Property Taxation						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$4,398,485	\$2,828,203	\$1,313,010	\$257,272	\$0	51.4
Other legislation	38,972	38,972	0	0	0	0.5
<b>Total FY 2024-25</b>	<b>\$4,437,457</b>	<b>\$2,867,175</b>	<b>\$1,313,010</b>	<b>\$257,272</b>	<b>\$0</b>	<b>51.9</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$4,437,457	\$2,867,175	\$1,313,010	\$257,272	\$0	51.9
R2 Board of Assessment Appeals legal assistant	87,265	0	87,265	0	0	1.0
Annualize prior year budget actions	269,942	176,074	82,102	11,766	0	0.0
Annualize prior year legislation	13,294	13,294	0	0	0	0.3
Indirect cost assessment	11,080	0	9,004	2,076	0	0.0
<b>Total FY 2025-26</b>	<b>\$4,819,038</b>	<b>\$3,056,543</b>	<b>\$1,491,381</b>	<b>\$271,114</b>	<b>\$0</b>	<b>53.2</b>
Changes from FY 2024-25	\$381,581	\$189,368	\$178,371	\$13,842	\$0	1.3
Percentage Change	8.6%	6.6%	13.6%	5.4%	0.0%	2.5%
<b>FY 2025-26 Executive Request</b>						
FY 2025-26 Executive Request	\$4,863,892	\$3,011,866	\$1,580,271	\$271,755	\$0	53.1
Staff Rec. Above/-Below Request	-\$44,854	\$44,677	-\$88,890	-\$641	\$0	0.1

## Decision Items

➔ R2 Board of Assessment Appeals Legal Assistant [Legislation Recommended]

### Request

The request includes an increase of \$150,000 from the Board of Assessment Appeals (BAA) Cash Fund to enable it to add a 1.0 FTE legal assistant on an ongoing basis. Since FY 2022-2023, a temporary aide has provided legal support to the Board, adding to its permanent staff of 6.0 FTE. This has helped to prevent a decision backlog and kept the BAA caught up with its benchmark of issuing hearing decisions within 30 days of hearing. The demand for this work is not expected to dissipate, as data show appeal volume is not decreasing, but rather trending

upward. The BAA currently has 1.0 FTE permanent legal aid on staff, but it has enhanced this by employing a series of licensed attorneys as temporary aides, first in 2019, resuming in 2022 and continuously into 2024. The BAA experienced processing backlogs when the existing legal assistant position was temporarily vacant. Having a second legal aide position will provide built-in resiliency for avoiding this type of backlog. The request notes that employing temporary aides is not a sustainable solution and possibly in contravention of State Personnel Board rules. It also requires individuals to be employed for no more than 9 out of 12 months.

## Recommendation

The staff recommendation includes:

- Adding an **additional 1.0 FTE Legal Assistant II** position at the Board of Assessment appeals, supported by the Board of Assessment Appeals Cash Fund, effective FY 2025-26. Staff has reflected the position as beginning July 1, since the position will be replacing an existing temporary position.

Board of Assessment Appeals - BAA Cash Fund		
	FY 2025-26	FY 2026-27
Personal Services – Legal Assistant II	\$79,314	\$79,314
FTE	1.0	1.0
Standard Operating	1,280	1,280
Capital Outlay	6,670	0
<b>Total</b>	<b>\$87,265</b>	<b>\$80,594</b>

- Authorizing a **one-time transfer of \$200,000 from the BAA Cash Fund to the General Fund** at the end of FY 2024-25 as part of a larger transfer bill.
- If the Committee pursues legislation to reduce the number of continuously appropriated cash funds, it could consider combining revenue currently deposited in the Accelerated Appeals Cash Fund with the existing BAA cash Fund. This continuously appropriated fund yields additional revenue for the BAA of approximately \$20,000 in assessment years.

## Analysis

### Background

The Board of Assessment Appeals (BAA), authorized in Section 39-2-125, C.R.S., is a quasi-judicial tribunal that provides an independent administrative forum through which taxpayers may appeal county property tax assessments and decisions of the State Property Tax Administrator. The BAA hears the majority of post-county property tax appeals in Colorado. The Board members are nine licensed appraisers experienced in property valuation and taxation. The appeals they hear range from single family home valuations in which petitioners represent themselves to appeals involving high-value, complex commercial properties, where the property owners are represented by property tax agents and attorneys.

The Board’s FY 2024-25 appropriation includes \$592,328 General Fund and \$126,489 cash funds from the Board of Assessment Appeals Cash Fund. The Board also has continuous spending authority for amounts deposited in the Accelerated Appeals Cash Fund (\$20,712 in FY 2023-24).

The appropriation reflects 13.5 FTE, but the Department reports that the part-time board members (equating to 3.3 FTE) are supported by 6.0 full time employees, plus a temporary aide that this request proposes to replace with an additional full-time position.

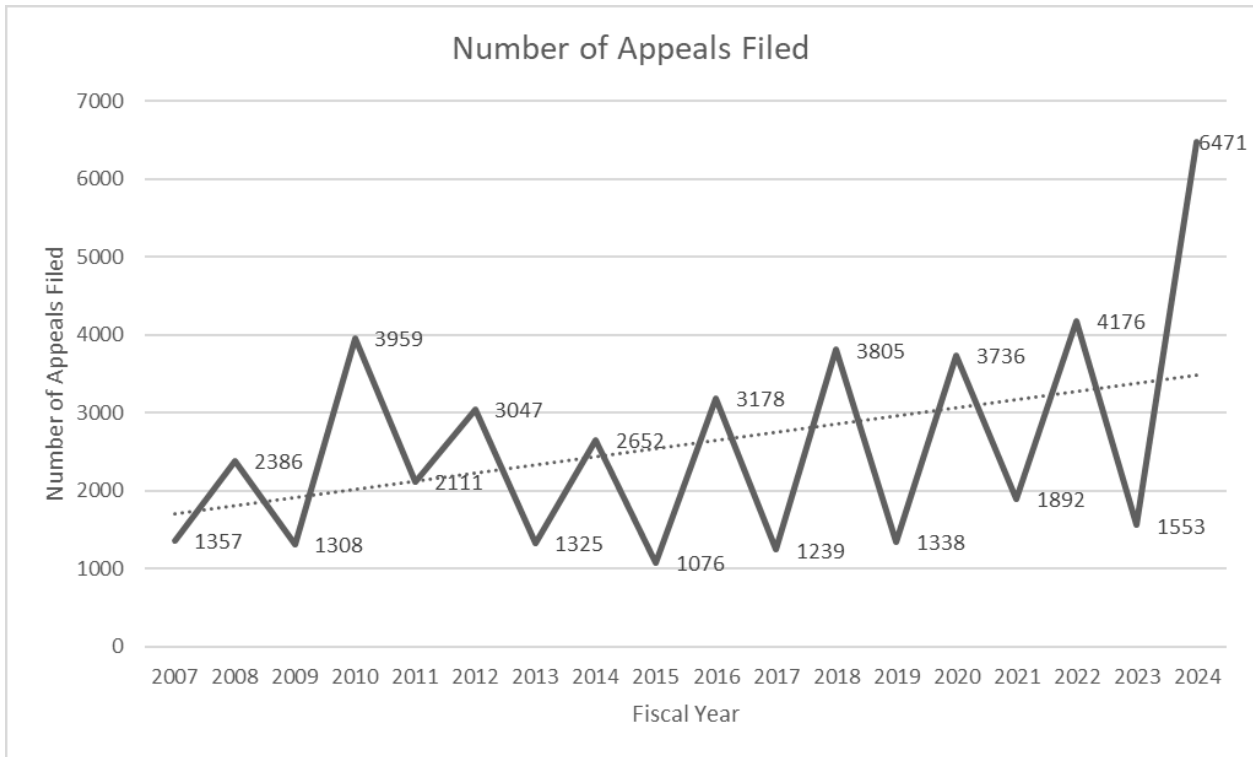
Statute specifies that a taxpayer other than a pro-se filer is assessed a filing fee of \$101.25 for each tract of land or real property for which he or she files an appeal. Pro se filers (i.e., filers who are not represented by an attorney) are not required to pay a filing fee for their first two requests within a fiscal year and pay a \$33.75 filing fee per each tract of land or real property thereafter. This revenue is deposited into the Board of Assessment Appeals Cash Fund. Filer who request and meet the requirements for an accelerated appeal for rent-producing commercial property pay \$200 to cover the additional costs (deposited to the continuously appropriated Accelerated Appeals Cash Fund).

### Need for Position

The Department emphasizes three issues in requesting the new position:

- Increasing numbers of appeals over time. This includes a sharp spike in 2024, comprised largely of pro-se homeowners, but the Department notes an overall increasing trend, reflected in the chart below.
- Avoiding backlogs. BAA efforts to resolve appeals within a year of filing and issue hearing decisions within 30 days of hearing; backlogs have occurred when its single existing Legal Assistant II position has been temporarily vacant.
- Avoiding use of temporary staff. Since 2019, the Board has avoided a backlog by employing a series of licensed attorneys as temporary aides on 9 month contracts. The Department is concerned that use of temporary positions over multiple years violates Article 21 of the Partnership Agreement with Colorado WINS, which specifies that the State should not use alternating temporary employment contracts in lieu of creating permanent positions. It proposes to use the new Legal Assistant position in lieu of these temporary positions





The request notes that permanent staffing for the BAA has not increased in at least 17 years, and the BAA’s General Fund allocation has increased very little, even as the number of appeals and hearings based on appeals has grown.<sup>4</sup>

Given the justification, staff is recommending an additional 1.0 FTE legal assistant position for the BAA. Further, to ensure an adequate level of skills to replace the temporary attorneys that have been used in recent years, staff has recommended the position at a legal assistant II level, rather than legal assistant I.

### Expenses and Revenue

The BAA submitted a request for an additional \$150,000 in cash funds spending authority on an ongoing basis, which would more than double the current cash funds line item appropriation of \$126,489. However, based on an analysis of the pattern of cash fund revenue over a two- or four-year period (necessary because revenue varies between assessment and non-assessment years), it appears that *ongoing* revenue is insufficient to support this level of increase. As shown in the tables below, staff calculates that approximately \$98,177 more could be appropriated in the BAA line item on an ongoing basis, recognizing that the Department expended \$198,690 from the fund in FY 2023-24, and average annual revenue over the assessment cycle is \$296,867.

<sup>4</sup> Hearings fell during the pandemic, but in 2024 were at 181, exceeding pre-pandemic levels.

Board of Assessment Appeals Cash Fund History					
	Assessment Year Actual FY 2021-22	Non-Assessment Year Actual FY 2022-23	Assessment Year Actual FY 2023-24	Non-Assessment Year Appropriated FY 2024-25	Assessment Year Request FY 2025-26
Year Beginning Fund Balance*	\$156,546	\$386,998	\$369,145	\$602,051	\$559,219
Revenue (services charges + interest)	394,112	148,772	489,107	155,477	481,849
Expenses	<u>-147,790</u>	<u>-166,624</u>	<u>-198,690</u>	<u>-198,690</u>	<u>-198,690</u>
Revenue less expenses	246,322	-17,852	290,417	-43,213	283,159

\*Schedule 9 actuals and estimates; fund balance Includes miscellaneous asset adjustments, in addition to revenue/expense cash flow

Average Revenue v. Expenses	Amount
Average revenue over 4 years (FY 22-FY 25):	\$296,867
FY 24 expenses, including centrally appropriated	198,690
Additional revenue available to appropriate	<b>\$98,177</b>

As reflected in the request, the BAA has been covering the costs of temporary attorneys within existing resources, but, as noted in hearing responses, the funds required—approximately \$46,000—are substantially less than the cost of a full-time legal assistant with related benefits, and the program is currently limiting legal aide hours to fit the position within its budget.

The BAA *could* spend at a higher level on a temporary basis, given adequate spending authority, but this is because the BAA has developed a large cash fund balance of \$602,051 at the beginning of FY 2024-25. If the Committee wishes to allow the BAA to simply spend down this fund balance by providing additional spending authority, that is an option. **However, given the State’s fiscal situation, staff is recommending a transfer to the General Fund.**

Because the BAA Cash Fund fees are established in statute, it is not subject to the 16.5 percent reserve limit, so the Department has not had to apply for a cash fund waiver for the fund from the JBC or request other JBC action. However, fees collected are not exempt from TABOR. Thus, the additional revenue received, which is currently sitting in the cash fund, has driven General Fund refunds. Even with the position increase recommended by staff, the BAA’s average annual revenue and expenses will be in the \$300,000 range, so a reserve of \$550,000 to \$600,000 seems excessive. For FY 2025-26, staff is recommending a transfer of \$200,000 to the General Fund. *Additional transfers in future years may be appropriate (the staff recommendation will still leave a reserve of approximately \$360,000), but the Department has emphasized uncertainty regarding both future expenditures and future revenue to this fund, so staff has recommended a more modest transfer this year.*

## Line Item Detail

### Division of Property Taxation

The Property Tax Administrator is a constitutionally created position, responsible for administering property tax laws under the supervision and control of the State Board of

Equalization. The Property Tax Administrator is head of the Division of Property Taxation. The key statutory responsibilities that drive the Division's workload are carried out by four sections:

- The *Appraisal Standards Section* insures property tax equity by issuing appraisal standards and training county assessors.
- The *Administrative Resources Section* prepares and published administrative manuals, procedures, and instructions for assessors' offices.
- The *Exemptions Section* grants exemptions from taxation for charities, churches, and other eligible entities to assure a standardization of exemptions.
- The *State Assessments Section* performs original valuations of multi-county companies in Colorado, including railroads, pipelines, and other utilities.

The Division is supported by General Fund, fees for approving property tax exemptions, and mineral and energy impact funds.

*Statutory authority:* Section 15 of Article X of the State Constitution; Article 2 of Title 39, C.R.S.

*Request:* The Department request is shown in the table below and includes adjustments for prior year salary increases.

***Recommendation:* Staff recommends \$3,850,464 total funds (including \$2,416,722 General Fund) and an associated 39.0 FTE.**

Property Taxation, Division of Property Taxation						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$3,562,893	\$2,223,019	\$1,098,518	\$241,356	\$0	38.2
Other legislation	\$38,972	\$38,972	\$0	\$0	\$0	0.5
<b>Total FY 2024-25</b>	<b>\$3,601,865</b>	<b>\$2,261,991</b>	<b>\$1,098,518</b>	<b>\$241,356</b>	<b>\$0</b>	<b>38.7</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$3,601,865	\$2,261,991	\$1,098,518	\$241,356	\$0	38.7
Annualize prior year budget actions	235,305	141,437	82,102	11,766	0	0.0
Annualize prior year legislation	13,294	13,294	0	0	0	0.3
<b>Total FY 2025-26</b>	<b>\$3,850,464</b>	<b>\$2,416,722</b>	<b>\$1,180,620</b>	<b>\$253,122</b>	<b>\$0</b>	<b>39.0</b>
Changes from FY 2024-25	\$248,599	\$154,731	\$82,102	\$11,766	\$0	0.3
Percentage Change	6.9%	6.8%	7.5%	4.9%	n/a	0.8%
FY 2025-26 Executive Request	\$3,840,183	\$2,380,833	\$1,205,680	\$253,670	\$0	39.0
Staff Rec. Above/-Below Request	\$10,281	\$35,889	-\$25,060	-\$548	\$0	0.0

### State Board of Equalization

The State Board of Equalization ("State Board") consists of five members:

- The Governor (or their designee)
- The Speaker of the House of Representatives (or their designee)

- The President of the Senate (or their designee)
- Two members appointed by the Governor with consent of the Senate and experience with property taxation.

The State Board supervises the administration of property taxation laws by local county assessors. In this regard, the State Board meets at least once annually to review real and personal property valuations, hear complaints concerning valuation (including petitions by tax-levying authorities), redirect assessments, and set the residential assessment ratio. The Board also approves training manuals, appraisal standards, and written instructions issued by the Property Tax Administrator.

During each property tax year, an assessment study is conducted to determine whether county assessors have complied with constitutional and statutory property tax provisions. The State Board is responsible for ordering a reappraisal of affected classes of property that were not properly assessed. The State Board also appoints the Property Tax Administrator.

The Constitution requires the General Assembly to provide by statute for the compensation of State Board members. State Board members receive \$50 per day for each day spent attending State Board meetings or hearings, as well as reimbursement for actual and necessary expenses incurred in performing State Board duties. This line item funds the Board's direct operating expenses, including \$50 per diem payments and expense reimbursements.

*Statutory authority:* Section 15 of Article X of the State Constitution; Article 9 of Title 39, C.R.S.

*Request:* The Department requests \$12,856 General Fund, which is a continuation level of funding.

*Recommendation:* **Staff recommends approval of the request.**

## Board of Assessment Appeals

The Board of Assessment Appeals is a quasi-judicial body that operates as a "type 1" agency within DOLA. The Board hears appeals by individual taxpayers who disagree with county boards of equalization, county boards of commissioners, and the Property Tax Administrator on the valuation of real and personal property, property tax abatements (reductions), and property tax exemptions. State assessed properties and exemptions are first appealed to the Property Tax Administrator. These cases may then be appealed to the Board. Appeals to the Board must be made in writing within 30 days of the decision that is being appealed. After the appeal is docketed, a receipt of appeal is sent to the Petitioner. A notice of hearing is mailed to all parties at least 30 days prior to the scheduled hearing. The Board's decision is transmitted in a written order and mailed to all parties, and is posted on the Board's website. Board decisions may be appealed to the Colorado Court of Appeals.

Each Board member must be registered, certified, or licensed as an appraiser. The Board must consist of at least three members, and an additional six members may be appointed based on workload. There are currently eight members. All Board members are employees of the State who are appointed by the Governor, with the consent of the Senate, and serve at the pleasure of the Governor. As employees of the State, they are entitled to benefits such as health, life and

dental, short-term disability, and PERA. Compensation is based on a statutory rate of \$150 per day. Board members often have private sector employment in addition to their duties on the Board. This line item supports 13.2 FTE, including the eight board members and 5.2 FTE staff.

In recent years, the number of appeals heard by the Board has ranged from 1,300 to nearly 4,000 cases per year, depending upon whether it is an assessment or non-assessment year. Cases are typically resolved within one year. The Board is partially supported by statutory filing fees that are credited to the Board of Assessment Appeals Cash Fund. The Department spends the full amount of available cash fund revenues before spending General Fund.

*Statutory authority:* Section 39-2-125, C.R.S.

*Request:* The Department requests request is shown below and includes adjustments for prior year salary increases and funding for 1.0 FTE requested in R2.

***Recommendation:* Staff recommends \$840,719 total funds (including \$626,965 General Fund) and an associated 14.2 FTE. The recommendation includes funding for R2 as described earlier in this document.**

Property Taxation, Board of Assessment Appeals						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$718,817	\$592,328	\$126,489	\$0	\$0	13.2
<b>Total FY 2024-25</b>	<b>\$718,817</b>	<b>\$592,328</b>	<b>\$126,489</b>	<b>\$0</b>	<b>\$0</b>	<b>13.2</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$718,817	\$592,328	\$126,489	\$0	\$0	13.2
R2 Board of Assessment Appeals legal assistant	87,265	0	87,265	0	0	1.0
Annualize prior year budget actions	34,637	34,637	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$840,719</b>	<b>\$626,965</b>	<b>\$213,754</b>	<b>\$0</b>	<b>\$0</b>	<b>14.2</b>
Changes from FY 2024-25	\$121,902	\$34,637	\$87,265	\$0	\$0	1.0
Percentage Change	17.0%	5.8%	69.0%	n/a	n/a	7.6%
FY 2025-26 Executive Request	\$894,666	\$618,177	\$276,489	\$0	\$0	14.1
Staff Rec. Above/-Below Request	-\$53,947	\$8,788	-\$62,735	\$0	\$0	0.1

## Indirect Cost Assessment

This line reflects the amount of statewide and departmental indirect cost assessments within this division. Statewide indirect cost assessments are charged to cash and federal programs for statewide overhead costs (such as those generated by the Department of Personnel), and then the assessments are used in administrative divisions to offset General Fund appropriations. Departmental indirect cost assessments are charged to cash and federally funded programs for departmental overhead costs.

The funds are currently used to offset General Fund in the Executive Director's Office.

*Statutory authority:* Colorado Fiscal Rules #8-3; Section 24-75-1401, C.R.S. [Indirect Costs Excess Recovery Fund]

*Request:* The Department requests \$116,187 total funds.

*Recommendation:* Staff recommends \$114,99 total funds, which is based on the Department’s updated indirect cost plan. [More information about the Department’s indirect cost assessments is provided at the end of this packet.]

Property Taxation, Indirect Cost Assessment						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$103,919	\$0	\$88,003	\$15,916	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$103,919</b>	<b>\$0</b>	<b>\$88,003</b>	<b>\$15,916</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$103,919	\$0	\$88,003	\$15,916	\$0	0.0
Indirect cost assessment	11,080	0	9,004	2,076	0	0.0
<b>Total FY 2025-26</b>	<b>\$114,999</b>	<b>\$0</b>	<b>\$97,007</b>	<b>\$17,992</b>	<b>\$0</b>	<b>0.0</b>
Changes from FY 2024-25	\$11,080	\$0	\$9,004	\$2,076	\$0	0.0
Percentage Change	10.7%	n/a	10.2%	13.0%	n/a	n/a
FY 2025-26 Executive Request	\$116,187	\$0	\$98,102	\$18,085	\$0	0.0
Staff Rec. Above/-Below Request	-\$1,188	\$0	-\$1,095	-\$93	\$0	0.0

## (3) Division of Housing

The Division of Housing (DoH) provides financial and technical assistance designed to increase the availability of housing to individuals with a low income, individuals with disabilities, and elderly individuals. Financial assistance programs include State and federal grants, loans, loan guarantees, equity investments, and subordinated debt for construction or rehabilitation of affordable housing. The Division provides technical assistance to local communities, including assisting communities to identify housing needs and to apply for and secure available private and public financing for housing projects. The Division develops and updates various studies on the availability and affordability of housing in Colorado. Finally, the Division works with local governments to reform local development and building regulations in ways that lower housing production costs. The Division consists of three subsections:

- **Community and Non-Profit Services** includes centrally located staff that provide services for administering the Division and services directly supported in the community. The community programs are partnerships with community service and non-profit agencies throughout the state.
- **Field Services** reflects the Division’s outreach and technical assistance activities throughout the state. These staff are stationed at various locations statewide and they assist local communities in developing affordable housing, oversee private activity bond incentives, and regulates the residential and non-residential factory-built industry in Colorado.
- **Indirect Cost Assessment** includes the Department’s assessment of indirect cost recoveries from cash, reappropriated, and federal fund sources used in this division.

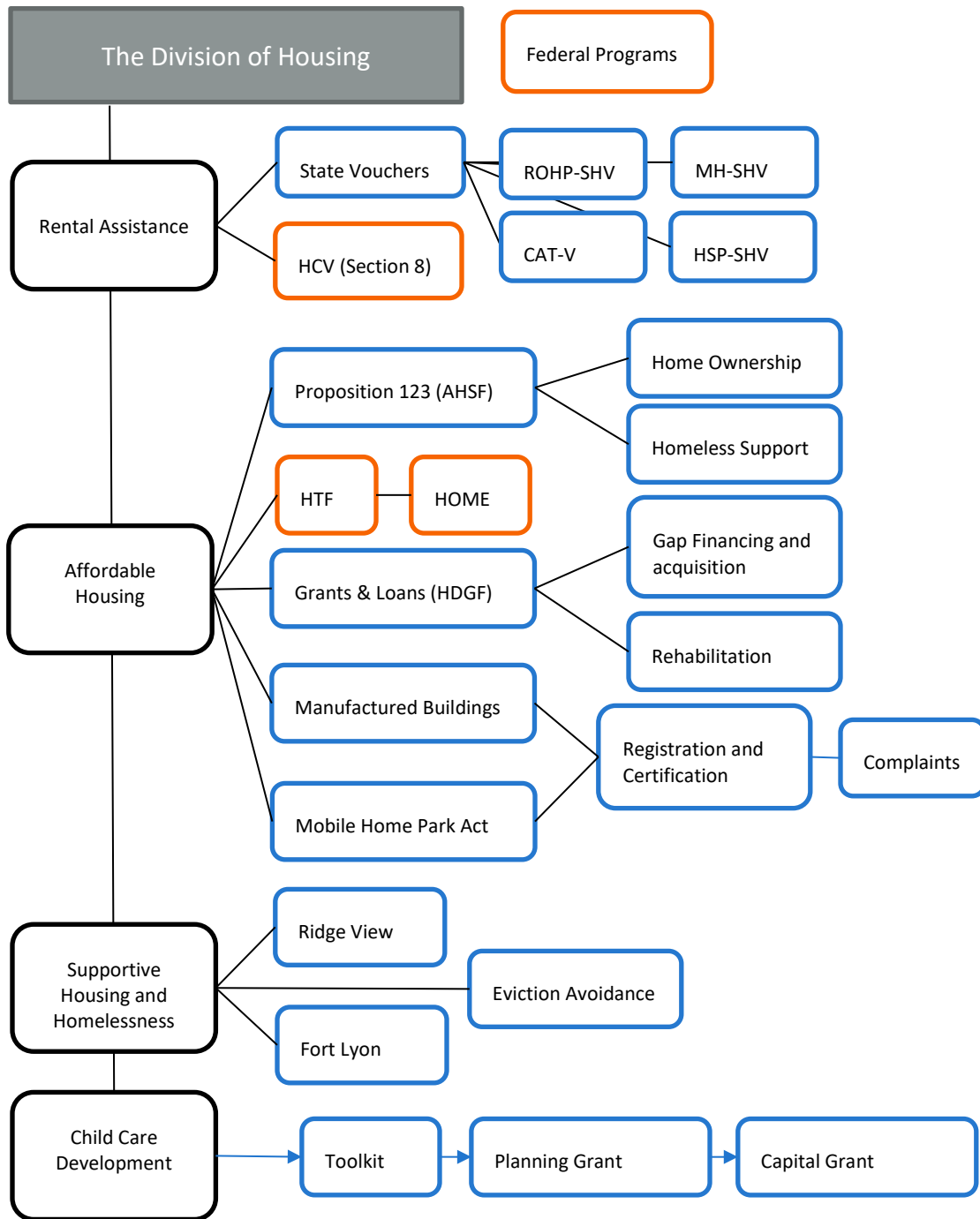
Division of Housing						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$161,051,115	\$47,294,407	\$5,198,605	\$2,063,763	\$106,494,340	97.9
Other legislation	303,995	53,995	250,000	0	0	1.1
S.B. 25-100 (Supplemental)	0	0	0	0	0	0.0
Long Bill supplemental	161,485,010	0	160,730,572	754,438	0	0.0
<b>Total FY 2024-25</b>	<b>\$322,840,120</b>	<b>\$47,348,402</b>	<b>\$166,179,177</b>	<b>\$2,818,201</b>	<b>\$106,494,340</b>	<b>99.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$322,840,120	\$47,348,402	\$166,179,177	\$2,818,201	\$106,494,340	99.0
R1 Ridge View Campus operating expenses	5,306,832	3,506,832	0	1,800,000	0	3.7
R3 Analytics for unhoused Coloradans	0	0	0	0	0	0.0
BA2 Manufactured Bldgs and Mobile Home Park Dispute Resolution Cash Funds	0	0	0	0	0	0.0
BA3 FLEX Program repeal	-305,016	-305,016	0	0	0	-1.0
SI Informational funds adjustments	13,301,428	0	13,301,428	0	0	0.0
SI Affordable housing costs true-up	49,391	0	0	49,391	0	0.0
Impacts driven by other agencies	7,622,681	0	0	7,622,681	0	0.0
Annualize prior year budget actions	571,852	103,914	205,622	67,424	194,892	0.0
Annualize prior year legislation	196,005	196,005	-250,000	250,000	0	-0.2

Division of Housing

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Indirect cost assessment	124,356	0	190,511	-16,829	-49,326	0.0
Technical adjustments	0	0	0	0	0	-1.4
<b>Total FY 2025-26</b>	<b>\$349,707,649</b>	<b>\$50,850,137</b>	<b>\$179,626,738</b>	<b>\$12,590,868</b>	<b>\$106,639,906</b>	<b>100.1</b>
Change from FY 2024-25	\$26,867,529	\$3,501,735	\$13,447,561	\$9,772,667	\$145,566	1.1
Percentage Change	8.3%	7.4%	8.1%	346.8%	0.1%	1.1%
FY 2025-26 Executive Request	\$172,865,025	\$50,107,406	\$6,364,210	\$9,756,219	\$106,637,190	102.5
Staff Rec. Above/-Below Request	\$176,842,624	\$742,731	\$173,262,528	\$2,834,649	\$2,716	-2.4



# Overview of the Division



# Decision Items

## → R1 Ridge View Campus Operating Expenses [Legislation Recommended]

### Request

The Department requests \$2.0 million General Fund for partial first-year operating costs for the Ridge View campus, which is being renovated pursuant to S.B. 22-211 (Ridge View Campus). As reflected in S.B. 22-211, the former youth services facility is being renovated to provide a 198 bed transitional housing campus (five 33 bed units), a 27 bed substance abuse withdrawal management facility, and a federally qualified healthcare center that would serve both the campus and the larger community. This bill appropriated \$45.0 million in federal Coronavirus State Fiscal Recovery Funds (ARPA funds) for this purpose for use through December 2024. The timeline was extended to December 31, 2026 in H.B. 24-1465 (Program Changes Refinance Coronavirus Recovery Funds), and \$44.09 million was refinanced to General Fund in House Bill 24-1466 (Refinance Federal Coronavirus Recovery Funds).

The fiscal note for S.B. 22-211 anticipated that the program would require \$19.8 million General Fund per year for operating costs, beginning in FY 2025-26. The request for \$2.0 million in FY 2025-26 incorporates a scaled-back annual state funds operating cost estimate of \$11.5 million, based on a Facilities Master Plan completed in February 2024, as well as the expectation that: (1) the facility will not need a full year of operating funding in FY 2025-26 based on a possibly-delayed opening and residual funding from S.B. 22-211; and (2) anticipated use of \$3,736,224 in FY 2025-26 from the Innovative Housing Incentive Program (a cash fund in the Governor’s Office of Economic Development and International Trade) intended to support the development and expansion of innovative housing manufacturing businesses).

The request indicates a need for \$6.69 million General Fund in FY 2026-27 and indicates that the balance of the annual operating funds required (\$4.76 million) will again come from the Innovative Housing Incentive Program. Staff assumes that beginning in FY 2027-28, \$11.5 million from the General Fund would be required. The request identifies this program as “evidence informed” under the S.B. 21-284 evidence categories.

In later communication with JBC Staff, the Department has indicated that \$1,800,000 is anticipated to be available from uncommitted Proposition 123 funds to help address the ongoing costs of operating the campus.

### Recommendation

- For FY 2025-26, staff recommends reflecting **\$1,800,000 for informational purposes from the Affordable Housing Support Fund** (Section 29-32-103 (1), C.R.S.) which was created in Proposition 123 of 2022 to hold the 40 percent of proposition 123 money allocated to DOLA’s Division of Housing, and **providing \$3,506,832 General Fund**. This is consistent with

the Department’s informal adjustment to its request. [As described elsewhere in this packet, staff recommends that funding for this purpose from the Affordable Housing Support Fund be subject to appropriation; however, pending such a statutory change, the amount may be shown for informational purposes.]

- For FY 2026-27 and ongoing, staff anticipates at least \$1.8 million will continue to be from the Affordable Housing Support Fund anticipates that a balance of up to \$9.8 million will be required from the General Fund. *However, given remaining uncertainties about program costs, as well as the expectation that budget balancing will remain a challenge in FY 2026-27 and ongoing, staff recommends that the Executive Branch be required to submit its proposal for FY 2026-27, including final amounts and the share of funds from Proposition 123 versus the General Fund, as a decision item, rather than simply an annualization of the current FY 2025-26 request.*
- Consistent with amounts identified in the request, staff recommends a transfer of \$8,500,000 from the Innovative Housing Incentive Program (IHIP) Fund to the General Fund through a larger transfer bill. The IHIP fund was created in the Governor’s Office in Section 24-48.5-132, C.R.S., using money that originated from the General Fund that was deposited in the Affordable Housing and Home Ownership Cash Fund (one of the funds that was created to hold one-time stimulus funds, including federal ARPA funds).

The table below summarizes the request versus the recommendation:

Summary R1 Request and Recommendation				
	Formal Request		Staff recommendation	
	FY 2025-26	FY 2026-27	FY 2025-26	FY 2026-27
<b>Total Appropriation</b>	<b>\$ 5,736,224</b>	<b>\$ 11,456,534</b>	<b>\$5,306,832</b>	<b>Pending: up to \$11.5M</b>
General Fund	2,000,000	6,692,758	3,506,832	up to \$9.8M
Innovative Housing Incentive CF	3,736,224	4,763,776	0	0
Affordable Housing Support CF (Prop 123)	0	0	1,800,000	at least \$1.8M
Roll-forward Anticipated from SB22-211	5,474,441		5,474,441	
Estimated total with roll forward	\$ 11,210,665		\$10,781,273	
Transfer from Innovative Housing Incentives CF to GF (FY 25 or FY 26)			\$8,500,000	

## Analysis

### Background

S.B. 22-211 (Repurpose Ridge View Campus) required that the Ridge View Campus in Watkins, Colorado, which had previously been a youth services facility, be repurposed to become a supportive residential community for people experiencing homelessness. The bill included an

appropriation of \$45.0 million in State and Local Fiscal Recovery Funds (ARPA funds). Almost all of this amount has been refinanced to General Fund.<sup>5</sup>

The operating plan for the facility is based on the Fort Lyon facility in Bent County, which opened 11 years ago. This facility provides transitional housing for up to 250 individuals who have been chronically homeless for periods of up to two years in a low-stress, peer-support environment.

As reflected in S.B. 22-211, the former youth services facility is being renovated to provide a 198 bed transitional housing campus (five 33 bed units), a 27 bed substance abuse withdrawal management facility, and a federally qualified healthcare center that would serve both the campus and the larger community.

While the new Ridge View facility was originally expected to open as early as FY 2023-24, renovations needed were ultimately more extensive and expensive than required. Final capital costs are expected to exceed \$91.0 million.<sup>6</sup> The Executive Branch expects to be able to cover this amount with several different federal stimulus funding sources.

The program is now expected to open in early FY 2025-26. The Department is instead requesting annualized funding of \$11.5 million General Fund, but requested lower amounts of General Fund in FY 2025-26 and FY 2026-27 based on start-up in FY 2025-26, use of unspent money from S.B. 22-211 that could potentially remain after construction in FY 2025-26, and a proposal to transfer one-time funds from the Governor's Office to help support FY 2025-26 and FY 2026-27 costs.

## Capital Expenditures and Sunk Costs

The State has already sunk immense funds into renovation of the Ridge View Facility, and indicated its intent to open the facility pursuant to S.B. 22-211, following the general model used at the Fort Lyon Supportive Housing Community in Bent County.

The construction component of the project was originally expected to cost \$45.0 million. The Governor's Office directed an additional \$48.7 million in federal Capital Projects Fund money to the program, which apparently committed the state to using the facility for the purpose funded for at least five years.

Staff notes that the Governor's Office accepted funds from federal authorities which included this five-year commitment without informing the JBC; staff hopes that at least some legislators were involved and aware. Likewise, staff notes that legislative Capital Development Committee does not appear to have been involved in approving this project. However, *since the General*

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<sup>5</sup> The timeline for using the funds extended to December 31, 2026 in H.B. 24-1465 (Program Changes Refinance Coronavirus Recovery Funds), and \$44.09 million was refinanced to General Fund in House Bill 24-1466 (Refinance Federal Coronavirus Recovery Funds).

<sup>6</sup> The Department has cited \$95.8 million for capital costs but also indicates that it is directing some of the S.B. 22-211 appropriation to address operating costs after the facility opens, suggesting that only \$91.4 million will be spent on capital costs plus operating costs incurred prior the facility opening.

Assembly passed S.B. 22-211, the action of the Governor’s Office seems generally aligned with legislative intent to develop this facility. The Department emphasizes that the Office of the State Architect has been closely engaged in the project and that it is operating based on an interagency agreement with the Department of Human Services for program components that align with DHS’ expertise.

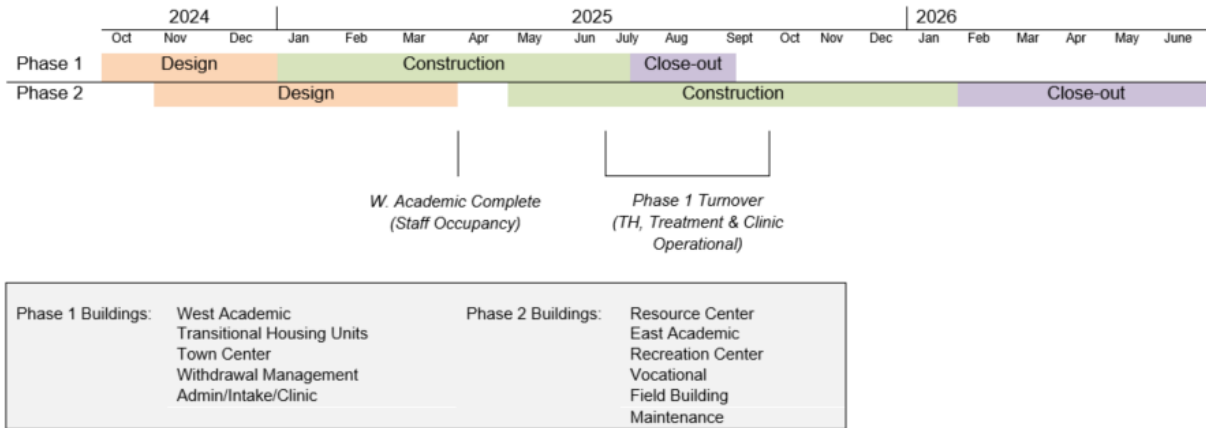
Source	Funding Type	Amount
S.B. 22-211 amended by H.B. 24-1465 & 1466	Coronavirus State Fiscal Recovery Funds, almost all refinanced to General Fund	\$45,000,000
Capital Projects Fund	US Treasury: CO allocation from total authorized in American Rescue Plan Act <sup>7</sup>	48,703,245
Arapahoe County	County Coronavirus Local Fiscal Recovery Funds	2,000,000
City of Aurora	City Coronavirus Local Fiscal Recovery Funds	1,500,000
<b>Total allocated for Ridge View</b>		<b>\$97,203,245</b>

The Department plans to use \$13.0 million of the total appropriated in S.B. 22-211, as amended, to support operating costs, including \$5.5 million after the facility opens in FY 2025-26. DOLA provided the following update on the spending status as of January 27, 2025, of the funds it has received thus far.

	Budget	Total Spent	Total Encumbered	Amount Remaining	Notes/Planned Spend – Data as of 1/27/2025
SB22-211	\$45,000,000	\$5,932,611	\$14,055,200	\$24,855,650	~\$11.8M remaining balance will be spent on construction; \$13.0M will be used on operating
Capital Projects Fund	\$48,703,245	\$2,036,335	\$29,141,610	\$17,525,300	Full amount remaining will be spent on construction *Cannot spend on operating
Arapahoe Co.	\$2,000,000	\$0	\$0	\$2,000,000	Full amount remaining will be spent on construction *Cannot spend on operating
City of Aurora	\$1,500,000	\$0	\$0	\$1,500,000	Full amount remaining will be spent on construction *Cannot spend on operating
<b>Total</b>	<b>\$97,203,245</b>	<b>\$7,968,946</b>	<b>\$43,196,810</b>	<b>\$45,880,950</b>	

- Phase I construction scheduled to be completed between July and September 2025, at which point the program expects to open.
- Phase II construction is expected to be completed during the latter half of FY 2025-26

<sup>7</sup> The Capital Projects Fund is a federal funding source authorized in the American Rescue Plan Act. Fixed amounts are allocated to states and territories solely for capital projects that are approved by U.S. Treasury. Colorado received an allocation of \$170.8 million, which was managed by the Governor’s Office and not subject to appropriation by the General Assembly. The State’s initial application reflected using the entire amount for statewide broadband expansion, but a portion was redirected to this project.



Given the amounts already expended and commitments to complete the project, the staff focus at this stage is to address: (a) scale of the operating budget required; and (b) source of funds to support the operating budget.

### Operating Contracts and Costs

*Evolving Estimates:* The fiscal note for S.B. 22-211 anticipated that the program would require **\$19.8 million** General Fund per year for operating costs, beginning in FY 2025-26. Additional analysis has substantially reduced this annual price-tag, with the Facility Master Plan for the facility anticipating annual costs of **\$10.5 million**. The Department’s November 1 request estimated \$11.5 million in ongoing costs. While it continues to expect costs at that level, the staff recommendation for FY 2025-26 is based on \$10.8 million. Because the project is still under construction, staff anticipates that even FY 2025-26 figures may continue to evolve.

*Implementation Status:* DOLA reports as follows: “DOLA issued the RFP for Transitional Housing and Campus property management in June 2024. Since the creation of the original RFP, these two aspects of operations were separated due to lack of interest from vendors to provide both services. DOLA has a contract close to execution with CBRE (a commercial real estate firm) for property management, and is in process for executing a contract with Colorado Coalition for the Homeless (CCH) for the Transitional Housing program. CCH will also be incorporating its Federally Qualified Health Center (FQHC) staff into the campus health center as well.

DOLA has an interagency agreement with the Behavioral Health Administration (BHA) to procure for and provide technical assistance regarding the substance use treatment program. The regional Behavioral Health Administration Organization (BHASO) for this region is Signal. They will be leading the solicitation and selection of the treatment provider. DOLA, BHA, and Signal are actively coordinating on this process.”

*Latest Cost Estimate:* Based on the bid from CBRE for campus property management, which was lower than originally anticipated, the Department has revised its overall cost estimate for FY 2025-26 for that element of the program. *Note that additional elements may be updated in the coming weeks. Staff will bring a comeback if appropriate to reflect any changes. As of the time staff had to finalize this document, the Department had not provided the detail behind the figures below, except where the figures derive directly from the Facility Master Plan.*

FY 2025-26 Operating Budget	November 1 Budget Request (FY26)	Revised Dept. Estimate Jan 2025 (FY26)	Current Staff Recommendation (FY 26)	Difference
Transitional Housing-Services	\$3,300,000	\$3,300,000	\$3,300,000	
Campus Property Management	2,540,000	1,841,053	1,841,053	Vendor proposal came in lower than anticipated by ~\$700k
Treatment/Withdrawal Management	2,238,908	2,238,908	2,238,908	
Health Clinic	3,027,626	3,027,626	3,027,626	
DOLA Admin.	350,000	491,296	\$373,686	Dept Jan 25 Admin request higher due to POTS; staff rec lower due to common policy
<b>Total</b>	<b>\$11,456,534</b>	<b>\$10,898,883</b>	<b>\$10,781,273</b>	

The estimate above is based on the facility opening approximately July 1, 2025. However, the Department states that if opening is later, total first year operating costs may not change dramatically due to required staffing ramp-up.

*Funding Source Update:* In addition to the total funds adjustment described above, the staff recommendation is based on the following:

- The Department plans to make \$5,474,441 from S.B. 22-211 available to cover operating costs for the program for the first half of FY 2025-26;
- The Department has stated that it can make \$1.8 million available from the Affordable Housing Support Program Fund (Proposition 123 funds) on an ongoing basis;
- Rather than appropriating funds to this program from the Innovative Housing Support Program Fund (which staff does not believe is legally viable), the staff recommendation is to transfer the funds the Department has stated are available (\$8.5 million) to the General Fund and to appropriate General fund for this program.

### Funding in FY 2026-27 and Subsequent Years

The staff recommendation does not include a specific amount for total project cost and funding mix for Ridge View in FY 2026-27. This is because: (a) various costs are not yet finalized and the Department has provided only high-level estimates thus far; and (b) the appropriate mix between Proposition 123 Funds and General Fund for covering Ridge View costs will depend in large part upon the State’s overall financial situation and the competing demands for General Fund and Proposition 123 funds. The Department has identified \$1.8 million in Proposition 123 funds that it described as “uncommitted” and that it recommends directing toward Ridge View in FY 2025-26 and ongoing. As described above, the Executive Branch has also identified \$8.5M in one-time funds that can be redirected for the program. Staff has recommended General Fund in FY 2025-26 for the balance and anticipates that General Fund will continue to be a portion of the ongoing support for this program in subsequent years. However, to the extent that General Fund is simply not available, Proposition 123 funds would be an option. In response to staff questions, the Department has emphasized the impact of redirecting

Proposition 123 funds from existing programs to support operating costs at the Ridge View campus:

“It's important to note that if the JBC decided to take the Ridgeview operating costs (\$11.5M) from proposition 123 that would account for nearly 20% of our overall homelessness funding and would mean that between 42-44 thousand Coloradans would not receive homelessness services and housing support. That is why we strongly recommend against that decision. Our recommendation [to use \$1.8M of Prop 123 funds for Ridge View] helps lessen the burden on the General Fund while ensuring that crucial services can continue to be provided. It's also important to note that the current support that we provide is still less than the need that we have in our state. Even with our Prop 123 homelessness service dollars -- approximately 10,000 Coloradans are still not receiving care throughout the year and over 11,000 need supportive housing due to lack of funding availability. Therefore, more cuts would create a greater gap than what we already have and would set us back on the progress that we have been able to make in the past year.”

### Evidence-based Program and Cost-effectiveness

The request identifies this proposal as “Evidence-Informed” based on the categories specified in Section 2-3-210 (2), C.R.S. Pursuant to statute, “Evidence-informed” means that the best available research evidence supports the effectiveness of the program or practice, as demonstrated by at least one quality evaluation that shows improvement over time. **Staff concurs with this designation, given the 2018 evaluation of the Fort Lyon facility, contracted by the Office of the State Auditor based on a JBC bill.**<sup>8</sup>

The Fort Lyon program, like the one being developed at Ridge View, serves individuals who have been chronically homeless and are in recovery from addiction. It offers individuals with a long history of trauma and life on the street the opportunity to stay in a safe, sober environment for up to two years. The program offers housing and food and requires that participants remain drug and alcohol free. Clients are required to set personal goals, such as sobriety (required for all) and education/training and employment. However, the facility does not offer clinical treatment, and activities are based on individual choices. Clients typically participate in “AA” meetings and, at their discretion, in various educational, employment, and arts activities. The program describes itself as a peer-support model. Those who work with the unhoused population acknowledge that the program is not for everyone: many individuals who go to Fort Lyon leave quickly, returning to their former lives. However, the facility offers an important option for a particular segment of the homeless population that is ready to make a change.

House Bill 16-1411 (Fort Lyon Residential Community Study) authorized a study of the costs and benefits of the Fort Lyon program compared to other programs serving similar populations. As

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<sup>8</sup> [https://leg.colorado.gov/sites/default/files/documents/audits/1771s\\_fort\\_lyon\\_ii\\_evaluation.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/1771s_fort_lyon_ii_evaluation.pdf)



acknowledged in the report, it is challenging to compare the costs and benefits of this model to other programs serving this type of population because the program itself is unique and populations served are not always comparable. In staff's opinion, the successes demonstrated in the study were limited, but they did show some positive results with a hard-to-serve population and a unique model. Findings included the following:

- Of the 777 participants exiting the Fort Lyon Program as of June 30, 2017, 47 percent exited to permanent housing (333 of 715 with complete data).
- The average total costs per Fort Lyon Program participant decreased by 33 percent from pre-enrollment in the Fort Lyon Program to post-enrollment for participants who had 1-year of post-enrollment data and who received Medicaid both pre- and post-enrollment. and facilitate peer-based recovery from substance use for homeless and individuals from at-risk across Colorado, with a priority on homeless veterans. Results show decreases of 9 percent for physical health care, 34 percent for behavioral health care, 80 percent for the judicial system (i.e., incarceration, probation, and jail), and 65 percent for shelters and vouchers.
- The average total costs per comparison group participant decreased by 12 percent over the same time period. Costs remained the same for physical health care, increased 10 percent for behavioral health care, and decreased 68 percent for the judicial system (i.e., incarceration, probation, and jail).
- Participants who stay in the Fort Lyon Program longer, and those who participate in employment opportunities while in the Program, have greater odds of completing the Program and exiting to permanent housing. Participants with less severe behavioral health needs and those who participate in vocational programs tend to have higher completion rates, but there was no relationship to permanent housing. A participant's severity of drug and alcohol use history was not a significant predictor of completing the Program or exiting to permanent housing.

The Colorado Coalition for the Homeless 2023 report on the program reports that 40.0 percent of individuals who exited the Fort Lyon program in the most recent year exited to permanent housing and this figure increases to 58.0 percent when including transitional, temporary housing, and long-term care.<sup>9</sup>

Staff notes new Ridge View Campus appears to be requested at a notably higher operating cost per person of \$27,980 per full-year resident for a population of 198 in transitional housing (excludes detoxification or clinic) plus \$5.2 million to cover additional clinic and detoxification facility costs. This compares with state funding of \$5.7 million for transitional housing (\$23,000 per person for a population of 250) at Fort Lyon, without any additional amount for clinic and detoxification.

The Ridge View Campus request highlights the cost savings identified in the 2018 study of the Fort Lyon facility. **At the amounts requested—certainly once capital costs approaching \$100**

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<sup>9</sup> [https://www.coloradocoalition.org/sites/default/files/2023-10/Fort%20Lyon%2010%20Year%20Report%202023\\_Digital.pdf](https://www.coloradocoalition.org/sites/default/files/2023-10/Fort%20Lyon%2010%20Year%20Report%202023_Digital.pdf)

million are included—staff anticipates that net savings related to this project may be harder to demonstrate. However, staff nonetheless recognizes that these programs provide value from the perspective of addressing a particular set of needs for a vulnerable population. Staff is hopeful that, over the long term, data from the COHMIS system will be able to provide a helpful picture of the impact of the new facility.

## → R3 Advancing Analytics to Support Unhoused Coloradans [Legislation Recommended]

### Request

The Department requests \$267,816 General Fund and 2.4 FTE, annualizing to \$398,343 General Fund in FY 2026-27 and ongoing, to improve the Colorado Homeless Management Information System (COHMIS) to support the collection, analysis, and implementation of information to better understand the nature of homelessness in Colorado and measure the success of relevant programs. The request indicates that Department also expects to access \$420,000 in one-time cash funds in FY 2025-26 to cover technology and consulting costs related to improving the system.

### Recommendation

Based on additional input from the Department, **staff recommends that in lieu of General Fund, the Department supports this initiative from the Housing Development Grant Fund.** However, to accomplish this, **the Department requests a statutory change to increase the share of funds in the Housing Development Grant Program Fund that may be used for administration from 3.0 percent to 5.0 percent.**

Consistent with this, staff recommends that the Committee sponsor legislation to:

- Increase the share of money in the Housing Development Grant Fund that may be used for administration from 3.0 percent to 5.0 percent.
- Make the portion of funds deposited in the Housing Development Grand Fund that are used for administration but that are not currently subject to appropriation (vendor fees) subject to appropriation through a statutory change.
- Add an appropriation in the bill of \$187,659 cash funds reappropriated from the Housing Development Grant Fund and 1.8 FTE for this initiative.

As discussed elsewhere in this packet, staff also recommends that the Department's state funding for affordable housing development, including vendor fees which provide approximately \$40.0 million per year, are placed "on budget" for informational purposes.

From an operational perspective, the staff recommendation includes the following:

- \$0 General Fund and \$0/no action related to the \$420,000 "other" funds referenced but not formally included in the request.

- In the Long Bill, in the Affordable Housing Grants and Loans line item, add the HDGF revenue provided by vendor fees (\$40.5 million) annotated to indicate that this is for informational purposes
- In the Affordable Housing Program Costs line item (used for administration) adjust funding in the Long Bill to align with current law, so that 3.0 percent of the \$18.0 million General Fund appropriation to Affordable Housing Grants and Loans (\$540,000) is reappropriated for administration (Affordable Housing Program Costs) and 3.0 percent of the \$40.5 million projected receipts from vendor fees (\$1,215,000) is reappropriated to Affordable Housing Program Costs for informational purposes.
- In separate legislation, authorize use of up to 5.0 percent of money annually appropriated and transferred to the Affordable Housing Development Grant line item for administration (2.0 percent more than currently allowed=approximately \$1.2 million), *make such administrative funding subject to appropriation*, and add appropriations to support the current request.
- The appropriation to be added in new legislation would include the requested funding for 2.0 FTE statistical analysts, shown below. This would be reappropriated from the Affordable Housing Program Costs line item.

Position	FY 2025-26 FTE	FY 2025-26 Amount	FY 26-27 FTE	FY 26-27 Amount
STATISTICAL ANALYST V	0.9	92,291	1.0	102,545
STATISTICAL ANALYST III	0.9	79,724	1.0	88,582
Standard Operating		2,304		2,560
Capital Outlay		13,340		0
IT System Maintenance				100,000
Total (in Program Costs line item)		<b>\$187,659</b>		<b>\$293,687</b>
Estimated Centrally Appropriated				42,621

## Analysis

### Homeless Management Information System Request & Analysis

*Homeless Management Information System:* The Homeless Management Information System (HMIS) is a database used to collect client-level data on the provision of housing and services to persons experiencing or at risk of experiencing homelessness. The U.S. Department of Housing and Urban Development (HUD) requires use of an HMIS for all agencies that receive homeless funding from HUD, the U.S. Department of Health and Human Services, or the U.S. Veterans' Administration.

Under the federal structure, HMIS databases are managed by Continuums of Care (CoCs), regional planning bodies that coordinate services to address homelessness in their regions. Colorado has four CoCs, and HUD requires use of a HMIS in each region.

In Colorado, the State has worked to develop a *statewide* HMIS system that is more robust than the minimum federal requirements. In 2018, DOLA/DOH made a one-time investment of \$460,790 in Homeless Solutions Program funding to support Colorado's four CoCs in moving to a new HMIS vendor and creating a single Statewide HMIS Collaborative. The Colorado Homeless

Management Information System(COHMIS) allows participating agencies to track and serve persons experiencing homelessness across all CoCs and has supported the implementation of consistent and transparent performance measures. The capacity of the system was further enhanced through a one-time investment of \$2.5 million in State Fiscal Recovery Funds from the American Rescue Plan Act via H.B. 22-1377.

More recently, the Department was selected to serve as the collaborative applicant and HMIS lead agency for the “Balance of State” CoC, which represents 54 counties, effective September 1, 2023.

*Benefits of Statewide System:* The Department indicates that having a statewide system allows participating agencies to track and serve people experiencing homelessness across the entire state, shapes how resources are allocated, and informs service requirements. This request is to improve the system so that the State, Continuums of Care, and providers can better track the relationship between services provided by disparate systems and meaningful *outcomes*, such as exits from homelessness.

The Department reports that Colorado already has an exceptionally comprehensive data set on the homeless population and will shortly complete a one-time Statewide Homeless Landscape analysis, funded in H.B. 22-1377. The Department is working to further develop interoperability and data matching between COHMIS and systems operated by other agencies, including the Office of eHealth Innovation/HCPF, the Department of Human Services, and the Department of Corrections. This request will move these efforts forward, increasing accountability and transparency for state-funded homeless response programs and enhancing capacity to conduct longitudinal analysis and identify process improvements for serving this population.

From staff’s perspective, the strongest indication of the value the Department places on this program is that it *believes that redirecting funds from direct services to administration for the purpose of this system is worthwhile*. As outlined in a response to staff:

“An increase in the administration cap to 5% of program revenue would reduce HDG program expenses while creating that capacity for HMIS. Most awards from this fund for affordable housing are multi-million-dollar development awards. Currently, DOH subsidizes permanent supportive housing (PSH) at up to \$60,000 per unit. By reducing the amount available for awards approximately 14.7 units would no longer receive a subsidy. **DOLA anticipates that a better investment of these funds is in HMIS data analysis**, which will allow for a more thorough evaluation of the effectiveness of homelessness programming and supports (ex: shelters). Improved program evaluation would enable DOH to better target investments based on impact and outcomes, thus increasing impact. This investment would also allow DOLA to bring greater accountability to developments and homelessness service providers by monitoring their outcomes. It's important to note that Denver, for a similar but smaller program, has an 8% admin to manage it and utilizes a couple of staff members dedicated to HMIS.”

*Request Detail (Initial Submission):* The request as initially submitted included initial funding for IT system improvements and ongoing funding for 2.4 FTE new staff. The request was unclear as to how an additional \$420,000 in one-time revenue would be accessed to support the project.

	FY 2025-26	FY 2026-27
Total	\$687,816	\$398,343
FTE	2.4	2.4
General Fund	267,816	398,343
Other Funds*	420,000	

\*See below

Request detail is outlined in the table below. As shown, the request includes funding for 2.0 statistical analysts, as well as 0.2 FTE each for an accountant and budget analyst.

Job Class Title	Biweekly Salary	FY26 FTE	FY26 Request	Biweekly Salary	FY27 FTE	FY27 Request*
Statistical Analyst V	\$3,558	1.0	\$92,508	\$3,558	1.0	\$92,508
Statistical Analyst III	\$3,073	1.0	79,898	\$3,073	1.0	79,898
Accountant III	\$3,186	0.2	16,567	\$3,186	0.2	16,567
Budget Analyst II	\$2,752	0.2	14,310	\$2,752	0.2	14,310
<b>Salary-Based Compensation - subtotal</b>			<b>\$203,283</b>			<b>\$203,283</b>
PERA			23,601			23,601
FICA			2,948			2,948
<b>Ongoing Operating Expenses</b>						
Standard Allowance			\$1,200			\$1,200
Communications			564			564
Additional Computer Equipment			2,820			
Licenses			2,292			
Desk-Side support			1,975			
<b>One-Time Operating Expenses</b>						
PC (2.0)			\$4,000			\$0
Cubicle (2.0)			10,000			0
<b>Technology Investments</b>						
State Tech Investment			\$100,000			\$100,000
Technical Assistance Consultant			100,000			
COHMIS Technology Investments			160,000			
Travel / Training Costs			24,000			
<b>Total without centrally-appropriated</b>			<b>636,683</b>			<b>331,596</b>
Centrally appropriated			55,215			57,760
<b>Total</b>			<b>\$691,898</b>			<b>\$389,356</b>

\*Detail provided, shown here, varies slightly from summary

*Recommendation Details Compared to Request:*

*Staff does not recommend an appropriation for "other funds".* In addition to General Fund, the request references additional funding from the HCPF Office of eHealth and Innovation (OEHI) and a Colorado First Housing pilot in the Colorado Housing Finance Authority (CHFA). However, it does not request related appropriations for the one-time cash funds. In response to staff questions, the Department subsequently indicated that expects to access \$300,000 cash funds

from OEHI based on an interagency agreement and does not believe an appropriation is required for this.

With respect to the CHFA funds, the Department states that approximately \$118,000 remains with CHFA from the Rent Reporting for Credit Pilot Program created in H.B. 21-1134. JBC Staff notes that the appropriation for this program in 2021 provided for a warrant payment from the Treasury to CHFA for the program, and the relevant section of statute has repealed. The Department has not thus far been able to explain how this money would be moved to the Department. JBC Staff notes that such movement from CHFA to the Department would likely be considered state revenue subject to TABOR.

Given that the Department request did not include spending authority for \$420,000 of this request and the issues described above, the *Staff recommendation does not include appropriations or transfers related to these other funds.*

*Funding for 0.2 FTE Accountant and 0.2 FTE Budget Analyst:* Staff requested additional information on why these additional partial positions were needed associated with the addition of 2.0 other FTE to manage the COHIMS system. Staff had not received a response when this document went to print and therefore omitted funding for these positions. Staff or the Department may bring a comeback if additional information justifies the need.

## Housing Development Grant Fund Proposal & Analysis

*Housing Development Grant Fund:* The Housing Development Grant Fund, created in Section 24-32-721, C.R.S., includes money from the following *state* sources in FY 2024-25:

- Vendor fees, pursuant to Section 39-26-123: This is money that prior to statutory changes in H.B. 19-1245 (Affordable Housing from Vendor Fee Changes), went to retailers in return for their role in collecting sales tax. H.B. 19-1245 capped payments to vendors, directing the resulting savings to this fund. The September 2024 OSPB revenue forecast projected \$36.4 million to the Fund in FY 2024-25 and \$40.8 million in FY 2025-26.
- Annual General Fund appropriations.
- Interest earnings.

The Department has also historically deposited a portion of Marijuana Tax Cash Funds into the Fund, based on state appropriations that ceased in FY 2024-25. It has also previously received other General Fund transfers (e.g., in HB 23B-1001), Prop EE tobacco revenue, and one-time state General Fund and State and Local Fiscal Recovery funds under the American Rescue Plan Act (ARPA funds). These amounts were deposited into the fund or into a “mirror” fund (for federal ARPA funds). No new funds from these sources are anticipated in FY 2024-25 or FY 2025-26.

Housing Development Grant Fund	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Starting Cash Fund Balance	157,847,918	125,619,306	148,015,004	Pending
<i>Revenue</i>				
Vendor Fees	\$71,740,716	\$76,900,000	\$37,300,000	\$40,500,000
General Fund appropriations	8,593,662	8,503,822	18,000,000	18,000,000
Marijuana Tax Cash Funds	10,073,688	6,990,069	-	-

Housing Development Grant Fund	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Nicotine Tax (Prop EE)	11,167,000	0	-	-
General Fund transfer from HB23B-1001	-	15,100,000		
Other (federal, private)	<u>214,317</u>	<u>203,037</u>	<u>203,037</u>	<u>203,037</u>
<b>Total Revenue</b>	<b>\$101,789,383</b>	<b>\$107,696,928</b>	<b>\$55,503,037</b>	<b>\$58,703,037</b>

*Existing Administrative Cap and Proposed Change:* Pursuant to Section 24-32-721(3)(b), C.R.S. “For any given state fiscal year, no more than three percent of the money appropriated or transferred to the funds may be expended for the administrative costs of the division in administering the fund.” As reflected in the table below, staff estimates that increasing the cap could enable appropriation of up to an additional \$1.2 million per year toward division administrative activities.

HDGF Administrative Funds Calculation	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Portion of state funds appropriated or transferred (excludes interest/other)	101,575,066	107,493,891	55,300,000	58,500,000
3.0 percent of above (current)	3,047,252	3,224,817	1,659,000	1,755,000
5.0 percent of above (proposed)				<b><u>2,925,000</u></b>
<b>Potential increase from change in admin cap</b>				<b>\$1,170,000</b>

In response to staff questions, the Department indicated that actual administrative expense in FY 2022-23 were \$1,943,817 and actual FY 2023-24 expenditures were \$2,654,194. It currently estimates that FY 2024-25 expenses will be at approximately the level of its cap. Based on further communication with the Department, staff has clarified that based on the statute, it applies the 3.0 percent cap on use of money in the HDGF solely to *division* administration and does not include appropriations for indirect cost collections or centrally-appropriated amounts in the calculation.

➔ **BA2 Manufactured Buildings and Mobile Home Park Dispute Resolution Cash Funds [Legislation Recommended & Legislation Options]**

## Request

This budget amendment is related to an FY 2024-25 supplemental request on which the JBC has already taken action to partially approve and partially reject the request. The portion of the request that relates to FY 2025-26 proposes cash funds spending authority supported by fee increases and General Fund appropriations for two cash funds:

- Building Regulation Fund<sup>10</sup>; and

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<sup>10</sup> The request refers to this as the “Building Codes and Standards Cash Fund”, but the legal name is the Building Regulation Fund.



- Mobile Home Park Act Dispute Resolution and Enforcement Program Fund.<sup>11</sup>

As reflected in the Department’s budget schedules, for FY 2025-26, the Department’s request includes:

**Building Regulation Fund:** Provide a General Fund appropriation of \$300,000 and increase cash funds spending authority by \$337,731, anticipating an increase in program fees.

**Mobile Home Park Act Dispute Resolution and Enforcement Program Fund:** Provide a General Fund appropriation of \$452,000 and reflect an increase cash funds spending of \$456,242, based on an increase in program fees.

In informal communication, the Department subsequently indicated that it was withdrawing its request for General Fund support for these two programs. It is not clear from Department communication what its plans are with respect to fees.

The Department also grouped a request for the **Private Activity Bond Program Cash Fund** with the above items in its FY 2024-25 supplemental request, although it did not submit a related FY 2025-26 request.

## Recommendation

- Staff recommends that the Committee reject the request for General Fund and cash funds spending authority increases for the Building Regulation Fund/Manufactured Building Program and the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund/Mobile Home Park Oversight Program.
  - Through informal communication, the Department has withdrawn the General Fund components of the request, recognizing the state’s current fiscal situation.
  - The Building Regulation Fund is subject to appropriation. It is not currently clear to staff whether the Department is still seeking an increase in spending authority for this Fund. Regardless, the program received larger appropriations increases than it has had the revenue to support in FY 2023-24; thus, staff anticipates that any increase in fees will be used to support its current level of appropriation.
  - The Mobile Home Park Act Dispute Resolution and Enforcement Program Fund is continuously appropriated. Therefore, at present, the Committee has no ability to approve or disapprove a related increase in spending authority. However, it appears to staff that this program has grown beyond the scale originally anticipated, and additional fees drive out General Fund; given this staff encourages the Department to adjust program expenses, rather than further increase fees on mobile home park residents.
- Staff recommends that JBC sponsor legislation to make the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund subject to appropriation. At present cash fund support for this program is shown solely for informational purposes. The program has grown substantially, based on many related bills adopted by the General Assembly, but the overall size of the program now appears to exceed the General Assembly’s expectations.

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<sup>11</sup> The request refers to this as the “Mobile Home Park Oversight Fund”; staff has used the statutory name.



The Department is clearly sensitive to attempting to limit fees on mobile home park residents. However, if the General Assembly wishes to weigh in more on the scope of the program, and thus (indirectly) fees on mobile home park residents, making the program subject to appropriation would provide more control.

- Staff notes that the Department has offered a number of options for reducing the size of the Mobile Home Park Act Dispute Resolution and Enforcement Program, based on potential statutory changes. Staff has included these for the Committee's information, in case Committee members or other legislators are interested in scaling back the program's legislative requirements.
- Staff recommends that the JBC specify in statute that end of year cash fund reserves in the Private Activity Bond Program Cash Fund that exceed \$100,000 are transferred to the General Fund for FY 2024-25 and all subsequent years.

## Analysis

Because this request addresses issues in different programs, these are addressed separately below.

### Building Regulation Fund and Manufactured Building Program

*Request:* The Department's formal request for the Manufactured Building Program was for a General Fund appropriation of \$300,000 and an increase in cash funds spending authority of \$337,731 from the Building Regulation Fund, based on a projected increase in program fees.

Base funding for FY 2024-25 is \$1,578,395 cash funds, supporting up to 16.7 FTE. Thus, ***the request, if approved, would increase the appropriation for the program by 40.4 percent, including a General Fund appropriation.*** The budget schedules appear to reflect this as a one-time increase; but the reason is not clear.

***Recommendation: Staff does not recommend the request.***

- As previously described, the Department has informally pulled back the General Fund portion of the request. The Department's position on the cash funds portion of the request is not clear, but staff recommends against that as well based on information currently available.
- Under current statute, this program's operations are supposed to be supported by fees. The General Assembly *did* provide a one-time General Fund appropriation for the program in H.B. 22-1242 (Tiny Homes) to cover initial start-up expenses for a program, so there is precedent for a General Fund appropriation<sup>12</sup>, however providing a General Fund subsidy does not seem consistent with legislative intent on how the program is to be funded.

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<sup>12</sup> H.B 22-1242 provided an FY 22-23 General Fund appropriation to the Department to support start-up of regulations related to tiny homes, including \$127,071 General Fund appropriated to the Manufactured Buildings Program line item. This was refinanced to cash funds in FY 2023-24. Statute also reflects two occasions (2015 and 2016) when General Fund was transferred to the Building Regulation Fund. This appears to have been in partial repayment of money that was swept to the General Fund in 2009.

**Background:** The Department’s Housing Technology and Standards section, which is identified as the Manufactured Building Program in the Long Bill, supports, licenses, and regulates the residential and non-residential factory-built industry in Colorado. This includes the registration and certification of manufacturers, dealers, and installation professionals statewide. This section also:

- administers the manufactured housing consumer complaint process;
- provides support for the adoption, enforcement, and compliance with the 2015 International Energy Conservation Code (IECC); and
- provides technical assistance concerning lead-based paint, mold, and asbestos in affordable housing projects.

This section is supported entirely by the Building Regulation Fund. Pursuant to Section 24-32-3309 (1)(a)(I), “The [State Housing] board, by rule, shall establish a schedule of fees designed to pay *all direct and indirect costs* incurred by the division in carrying out and enforcing this part 33...[except two registration fees established in statute]”. Part 33 encompasses all provisions related to the regulation of factory-built structures, multi-family structures where no standards exist, manufactured home installations, and sellers of manufactured homes.

The table below reflects budget schedule submissions and Department responses regarding revenues and expenditures from the Building Regulation Fund in recent years. Staff has highlighted the most relevant cells. *As shown, both appropriations and spending increased dramatically in FY 2023-24, while revenue did not keep pace.*

Building Regulation Fund								
	2020	2021	2022	2023	2024	2025 (Projected)	2026 (Projected/ requested)	
Revenue	\$1,191,334	\$1,226,366	\$1,153,718	\$1,437,663	\$1,360,808	\$1,341,595	\$1,332,206	
Fees	\$1,183,053	\$1,120,001	\$1,146,462	\$1,352,087	\$1,332,206	\$1,332,206	\$1,332,206	
Interest	\$7,606	\$4,691	\$5,957	\$20,036	\$28,602	\$9,389	\$0	
Other	\$675	\$101,674	\$1,299	\$65,540	\$0	\$0	\$0	
Expenditures	\$1,152,587	\$984,046	\$1,077,876	\$1,173,586	\$1,872,024	\$1,771,371	\$1,699,111	
Personnel	\$741,820	\$624,258	\$845,387	\$844,128	\$1,077,259	\$1,109,577	\$1,137,317	
Operating	\$410,767	\$359,788	\$232,490	\$329,457	\$696,794	\$661,794	\$561,794	
Legal					\$97,971	\$0	\$0	
Net Cash Flow	\$38,747	\$242,320	\$75,841	\$264,077	(\$511,216)	(\$429,776)	(\$366,905)	
Fund Balance	\$182,736	\$425,056	\$500,897	\$764,974	\$253,758	(\$176,019)	(\$542,923)	
Manufactured Building Line Item Appropriation from cash funds*	761,175	779,589	779,589	792,744	1,549,628	1,578,395	1,988,594	

\*Excludes centrally appropriated amounts; excludes General Fund appropriated in FY 23 and requested FY 26; includes requested increase of \$337,731 for FY 2025-26 which staff *does not* recommend.

Both line item appropriations and department-wide appropriations from the fund approximately doubled from FY 2022-23 to FY 2023-24, and FTE identified in the Long Bill for the program increased from 8.7 to 16.7. This was primarily due to:

- 1 the addition of \$358,276 and 4.0 FTE pursuant to H.B. 24-1242 (Tiny Homes); and
- 2 approval of FY 2023-24 Department Request R5, which added spending authority of \$422,871 and an additional 4.0 FTE. The Department indicated that the additional FTE were required to respond to workload demands and indicated it did not expect to increase fees “unless it is determined fees are under current market values”.<sup>13</sup>

*Issue:* In response to staff questions, the Department provided the following summary of the problems that led to its January 2025 request (which included a request to address an FY 2024-25 mid-year shortfall and FY 2025-26 request).

- “Unrealized Revenue: It was estimated in the fiscal note for HB22-1242 [Tiny Homes] that \$482,766 in revenue would be generated in a year. The demand for this program (and associated increases in fee revenue) was never realized. To date, only \$1,500 has been generated through tiny home regulation, and overall revenue has only increased by \$207,090 since FY22 despite implementation of HB22-1242.
- In FY23 and FY24 [the Building Regulation Fund] had a starting excess reserve. At this time, the program began rapidly spending these reserve balances down per the reserve requirements.
- Unexpected One-time Costs: Period 13 and 14 of FY24 saw charges to the program that we did not expect to occur, including \$97,000 in legal charges, and \$72,000 in OIT charges. These charges increased the operating expense for the program and changed the starting balance available for FY25, with no opportunity to recoup these losses.”

*JBC Staff Observations:* The staff recommendation against this component of the request for FY 2025-26 is consistent with the staff recommendation and Committee action on this component of the Department’s supplemental request. For FY 2024-25, staff recommended (and the Committee agreed) to reject the request for General Fund support, anticipating the Department would increase fees or implement other internal adjustments to operate within the FY 2024-25 budget.

The Department has not provided a rationale for further increasing the spending authority for this program in FY 2025-26. As described previously, the program already received large spending authority increases in FY 2023-24, which it has not had revenue to support. Staff’s understanding is that the program may be moving to increase fees by 27-30 percent. *It appears to staff that such an increase would bring revenue up to approximately \$1.7 million, allowing the program to cover current costs and appropriations. The Department has not made a case for why a further spending authority increase would be appropriate.*

Fee revenue for this program drives out General Fund receipts when, as now, the State is at its TABOR cap. Thus, an increase in cash funds *revenue* is equivalent to a General Fund expenditure for the program. While the General Assembly does not directly control fees for this program, by

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<sup>13</sup> This request also proposed continuous spending authority, which the JBC rejected.

increasing spending authority it would effectively promote further fee increases to support the spending authority. Staff does not recommend this without a strong rationale.

Staff recognizes that the Manufactured Building Program provides an important service in offering a more efficient review of manufactured structures than can be provided by individual local housing jurisdictions, and staff notes that S.B. 25-002 (Regional Building Codes for Factory Built Structures; Sens. Bridges & Exum and Reps. Boesenecker and Stewart) will give this program even greater responsibilities. (S.B. 25-002 as introduced includes a transfer of \$600,000 of one-time General Fund previously allocated to a fund in the Governor's Office that will support additional S.B. 25-002 costs.)

Staff asked the Department whether there are any options for reducing program costs, including options that would reduce legislative requirements, that should be considered if these items are less essential. The Department's short answer was "no", on the grounds that this sections' responsibilities tie to public safety and consumer protection. However, it also indicated that it is revisiting various program components. It noted that out of the program's 16.7 positions, it has 7.0 FTE vacancies for which it is not hiring. This includes the 4.0 FTE authorized for tiny homes from HB22-1242, 2.0 positions from the FY 2023-24 approved decision item, and one position to be partially funded by OEDIT that was never filled. Thus, its current effective staffing is 9.7 FTE. The program indicates that the program will continue with a hiring freeze until a fiscal analysis is conducted to determine if a hire is fiscally responsible.

### Mobile Home Park Oversight Program and Fund

*Request:* The Department requests an additional General Fund appropriation of \$452,000 deposited to the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund and an additional \$456,242 cash funds spending for the Mobile Home Park Oversight line item based on increased fees.

*Recommendation:* **Staff does not recommend the request.**

*Background:* The Mobile Home Park Dispute Resolution and Enforcement Program was originally established by H.B. 19-1309 (Mobile Home Park Oversight Act) and is codified in Sections 38-12-1101 to 38-12-1110, C.R.S.

Through this program, mobile home owners, mobile home park owners, and mobile home park managers can submit complaints for dispute resolution through the Division, instead of taking issues to court.

The Division of Housing's requirements under the Program include:

- conducting outreach and education on mobile home park laws;
- registering all mobile home parks annually;
- receiving and investigating complaints;
- facilitating dispute resolution between mobile home owners and mobile home park landlords;
- determining whether violations of the law have occurred and taking enforcement actions; and

- engaging in public rulemaking to clarify the law.

The Department notes that there have been seven bills since the program was created that have modified or enhanced its provisions.

The Department reports that as of June 30, 24024 there are 761 mobile home parks registered, accounting for 52,884 mobile homes (of which 48,535 are tenant-owned).

*Program Financing/Statute:* This program is supported by fees that are deposited in the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund, which is *continuously appropriated*, as well as General Fund which is appropriated to the Fund. Specifically:

- Section 38-12-1106 (8), C.R.S., specifies that the division shall establish by rule a registration fee for mobile homes. The fee may be adjusted to cover costs and landlords may charge a home owner or resident up to half of the fee. The Department is authorized to adjust the fee through rules so that it continues to reasonably relate to the cost of administering the program.
- Section 38-12-1110 (3), C.R.S., authorizes appropriation of General Fund to conduct outreach monitoring and enforcement related to certain activities, as well as dispute resolution activities that are not covered by fees. In the Long Bill, this amount is reflected as a deposit into the Mobile Home Park Dispute Resolution and Enforcement Program Fund.
- Pursuant to Section 38-12-1110, C.R.S., the Mobile Home Park Dispute Resolution and Enforcement Program Fund is **continuously appropriated** to the Division of Housing.

*Program Growth:* The tables below show the growth in program revenues and expenditures, as well as fund balance trends. The top table shows free revenue and expenditures, while the second table shows General Fund support.

As shown, based on new legislation in 2019, the program began to bring in nearly \$1.1 million in cash fund revenue nearly immediately, but spending grew far more slowly. As a result, the program had multiple years of large uncommitted reserves. By FY 2023-24, expenses exceeded revenue by a significant margin, but the end of year reserve still exceeded \$850,000. The Department expects to fully expend the fund balance by the end of FY 2024-25.

Mobile Home Park Dispute Resolution and Enforcement Program Fund – Table 1  
EXCLUDING General Fund subsidy amounts

	2020	2021	2022	2023	2024	2025 (Projected)	2026 (Projected/ requested)
Revenue	\$1,094,077	\$1,147,723	\$1,170,344	\$1,194,604	\$1,223,773	\$1,167,265	\$1,159,509
Fees	\$1,088,419	\$1,136,864	\$1,155,904	\$1,154,265	\$1,115,937	\$1,115,937	\$1,115,937
Interest	\$5,655	\$10,859	\$14,440	\$38,872	\$42,963	\$25,603	\$17,847
Other	\$3	\$0	\$0	\$1,468	\$64,873	\$25,725	\$25,725
Expenditures	\$275,763	\$841,978	\$903,943	\$1,297,026	\$1,658,378	\$2,017,832	\$1,962,455
Personnel	\$193,485	\$483,963	\$541,712	\$876,983	\$1,130,845	\$1,310,910	\$1,255,533
Operating	\$60,205	\$136,370	\$140,400	\$368,459	\$373,736	\$457,736	\$457,736
Legal	\$22,073	\$221,645	\$221,831	\$51,583	\$153,797	\$249,186	\$249,186

**Mobile Home Park Dispute Resolution and Enforcement Program Fund – Table 1  
EXCLUDING General Fund subsidy amounts**

	2020	2021	2022	2023	2024	2025 (Projected)	2026 (Projected/ requested)
Net Cash Flow	\$818,314	\$305,745	\$266,401	(\$102,421)	(\$434,605)	(\$850,567)	(\$802,946)
Fund Balance	\$818,314	\$1,124,059	\$1,390,460	\$1,288,039	\$853,433	\$2,866	(\$800,080)
<hr/>							
Mobile Home Park Oversight Program line item (CF info only)			505,540	701,628	724,721	1,458,474	1,959,951
FTE			4.8	6.8	6.8	10.5	10.5

**Mobile Home Park Dispute Resolution and Enforcement Program – Table 2  
General Fund Subsidy - Appropriation**

	2020	2021	2022	2023	2024	2025 (Projected)	2026 (Request)
Appropriation	\$0	\$0	\$0	\$89,870	\$246,582	\$114,132	\$570,440

*Addressing FY 2024-25 Shortfall and FY 2025-26 Program Plans:* Through the FY 2024-25 supplemental process in January 2025, the Department requested, staff recommended, and the JBC agreed, to authorize a waiver for the Department’s excess uncommitted cash funds reserve in the Mobile Home Park Dispute Resolution and Enforcement Program Cash Fund. The Controller’s Office had restricted some of the balance in the fund, as it had been out of compliance with the 16.5 percent limit on excess uncommitted reserves for three years. By releasing this restriction, the JBC enables the Department to spend down the remaining balance in the cash fund and keep the program solvent in FY 2024-25.

However, the Department must still reduce expenses and/or increase revenue to address the projected FY 2025-26 shortfall. The Department’s initial proposal included both a large General Fund increase and a cash funds increase. The Department has withdrawn the General Fund request. The cash funds portion of the request is not binding, as the cash fund is not subject to appropriation. However, staff’s understanding thus far is that the Department is proceeding with plans to increase fees.

The mobile home park registration fee is \$24 annually per unit independently owned at a park. Pursuant to statute, the mobile home park owner is allowed to recoup up to 50 percent of the fee from the unit owner. **The Department has indicated that it plans to increase fees by \$10 per unit for FY 2025-26 (a 41.7 percent increase).** The Department originally anticipated that fees would need to be increased by \$19 per unit for FY 2025-26 if an additional General Fund subsidy was not provided but does not appear to be pursuing that degree of increase. The Department has provided some ideas for program changes (described below) that could reduce the need for further fee increases in future years.

Staff does not recommend reflecting a further increase in the Department’s line item associated with this plan, even for informational purposes. During the 2024 regular session the

JBC included a large increase of \$567,180 cash funds and 2.2 FTE in the line item for this program based on anticipated program spending (since the program is not subject to appropriation). **The Department requires a large fee increase to support the program at its existing spending level, and staff does not think it would be appropriate to appear to sanction a further increase by adjusting the informational spending notation more.**

*Options for Containing Mobile Home Park Oversight Program Costs:* In response to staff questions, the Department provided the following outline of current staffing for this program.

MHPOP Cost Benefit Analysis by Function			
Function	FTE	If no FTE, staff hours	Notes
Park Sales	1.0		Includes protecting right of residents to purchase.
Homeowner notice compliance	2.0		Includes some on-sight complaint investigation.
Registration	4.0		
Complaints	4.0		2 Temp aides hired to clear complaints.
Coordinate with CDPHE on MHP Water Testing (Tied to complaints)	1.0		In Complaints team.
Annual Survey	0	80	
Annual Report	0	120	
Communications, Outreach, Education, (includes Accessibility, Website)	1.0		
Program Management	1.3		Includes rulemaking, legislative review, budget management, technology management, reports, legal work.
<b>Totals</b>	<b>14.3</b>	<b>200</b>	
	16.3 with the 2 temp aides		

**The Department acknowledges that these figures significantly exceed the FTE originally anticipated by the General Assembly based on the bills adopted to create and expand this program.** The FTE anticipated by bill are shown in the table below. As can be seen, the Department is currently employing about twice as many staff for the program as the General Assembly anticipated would be required.

Bill	MHPOP Staff <sup>14</sup>
HB19-1309	4.3
HB20-1196	0.0
HB20-1201	0.0
SB21-173	0.0
HB21-1121	0.0
HB22-1287	2.0

<sup>14</sup> Bills also reflect purchase of services from the Department of Law equating to 1.4 FTE.



Bill	MHPOP Staff <sup>14</sup>
HB23-1257	1.5
HB24-1294	0.0
<b>Total<sup>15</sup></b>	<b>7.8</b>

Given this, staff requested that the Department identify whether any of its current statutory requirements could/should be reduced to reduce program costs and fee impacts on mobile home park residents.

The Department indicated that it expects to be able to scale back some staffing without statutory change: “To specifically address the question of “can the program scale back to a smaller number of FTE,” we believe we can by FY27 now that we’ve eliminated our backlog of cases from the first 4 fiscal years of the program, and are currently on the path to eliminate the backlog of complaint cases from last fiscal year as well as the cases from the first 6 months of this fiscal year by our goal of 6/30/25. First, *we can reduce staffing without making any legislative changes from 16.3 to 11.3 FTE by expiring 2.0 temporary aide positions by Q1 in FY26 and 3.0 term-limited positions currently assigned to the program by Q2 in FY26, Q3 in FY26, and Q1 in FY27 respectively.* DOLA requires maintaining the service of the three term-limited positions, (A Community Outreach Liaison, Complaints Investigator, and Registration Assistant) until the end of their terms as DOLA addresses remaining backlog and identifies ways to shift this workload onto remaining staff and create efficiencies for processing registrations....”

The Department also commented on some options for statutory changes that would reduce FTE needs for future years. “...in order to further reduce FTE for the program below 11.3, the legislature could consider cutting some statutory duties assigned to the program. After the inception of the program, five additional bills (HB20-1196, HB20-1201, SB21-173, HB21-1121, HB24-1294) increased program requirements with no FTE, as we had positions funded by the excess reserve. However, without excess reserves and being mindful of fee increases, certain requirements could be reexamined.” Options identified include:

- *Investigation of Complaints and Enforcement:* “...there is currently 1.0 FTE assigned to park sales. Investigation of complaints and enforcement actions related to park sales are complex and involve multimillion dollar transactions. These duties could be removed from MHPOP and parties could be directed to instead file complaints with the Attorney General’s office or in civil court. Removing complaints and enforcement actions concerning park sales from the Division’s jurisdiction could eliminate another 0.5 FTE.....[this] could mean that fewer potential violations of the mobile home park sale laws are investigated, as home owners may face barriers to filing cases in court or the Attorney General’s office may have limited capacity to investigate these claims, and it may have a negative impact on the timely resolution of these complaints since they are time sensitive....” *JBC Staff notes that*

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<sup>15</sup> The FY 2024-25 Long Bill reflects 11.5 FTE, based on adjustments to the informational line item to attempt to better capture program staffing. This is still below actual staffing.



*transferring responsibilities to the AG's Office might or might not result in any net statewide savings.*

- *Compliance re. Posting Notices:* "...statute currently says that the Division "shall" ensure that landlords post the required notices of resident rights (the "home owner notices") in common areas of the MHP and enforce a penalty if the Division discovers that a landlord has not appropriately posted the notices. Section 38-12-1104(2), C.R.S. The statute contemplates that the notices are one of the primary ways that homeowners and residents in mobile home parks will learn about their rights and that they can file a complaint with the Division to enforce their rights. The Division currently has 1.0 to 1.3 FTE assigned to the duties of ensuring notices are posted and enforcing penalties across two compliance investigator positions. There are about 760 registered mobile home parks located across the state. In the last fiscal year, through personal visits to parks, the investigators found a 49% noncompliance rate and opened 260 enforcement cases against noncompliant parks. However, should FTE for the program further need to be reduced, the legislature could change the "shall" in this section to a "may," and the Division could limit investigations to situations where a complaint is received. This could reduce FTE for the program by another 1.0 FTE."
- *Documentation Submitted to Department:* "...the statute currently requires mobile home parks to submit certain information and documents to the Division each year as part of the park's annual registration renewal. Section 38-12-1106, C.R.S. Division staff have to review the information and documents for 760 mobile home parks each year. To reduce the FTE needed for annual park registrations, the legislature could consider reducing the amount of information or documentation that parks are required to submit each year. For example, the statute could be updated to only require parks to resubmit certain information if the information has changed, or only submit certain documents every other year. This could reduce the FTE needed for registrations by 0.5 FTE. However, a consequence might be that the Division has a harder time maintaining current contact information for mobile home park landlords, which is necessary to investigate complaint.
- *Water Quality:* HB23-1257 Mobile Home Water Quality tasked CDPHE with creating and administering a water quality testing program in mobile home parks. However, the bill also gave the Division certain duties related to the enforcement of water quality testing notices and standards, which correspond to 1.5 FTE. The legislature could decide to reduce the duties of the Division in this area and move all enforcement related to MHP water quality notices and issues to CDPHE. This could eliminate up to another 1.0 FTE from the program, if the legislature made statutory changes. *JBC Staff notes that transferring responsibilities to CDPHE might or might not result any net statewide savings.*

The Department notes that if examples 2-4 were all exercised, this could potentially reduce staffing for this program by up to 3.0 FTE, which translates to a reduction from 11.3 to 8.3 FTE.

**If the JBC is interested in pursuing any of the options above, it could direct staff to work on a bill on this topic.** JBC members may also wish to consult with members who have been particularly involved in this area (e.g., Rep. Boesenecker and Sen. Cutter).

## Private Activity Bond Allocation Fund

**Request:** The Department did not request a change for this fund for FY 2025-26, but it grouped an FY 2024-25 request with the other items discussed in this budget amendment.

**Recommendation:** Staff recommends establishing in statute that any end of year reserve for this program that exceeds \$100,000 be transferred to the General Fund. This is currently expected to result in a transfer of at least \$500,000 for FY 2024-25. The amount of a transfer in FY 2025-26 is uncertain, but if current projections hold, it could provide for a transfer of as much as \$200,000 in FY 2025-26.

**Background:** The Private Activity Bond program is responsible for the allocation of tax-exempt bonds used for privately developed projects, including affordable housing projects. The amount of tax exempt bonds that may be issued is limited by the federal Internal Revenue Service, and the Department has 1.0 FTE who coordinates related activities, including supporting the Private Activity Bond Allocation Committee. The program is supported by fees on bond issuances.

The Office of the State Auditor’s report, Cash Funds Uncommitted Reserves, Fiscal Year Ended June 30, 2024, indicates the Department’s Private Activity Bond Allocation Fund has been out of compliance with the maximum reserve cap for multiple years, including three years between 2022 and 2024. As a result, some excess reserve funds have been restricted.

Fund Name	Excess Uncommitted Reserves			
	2021	2022	2023	2024
Private Activity Bond Allocation Fund	\$0	\$186,639	\$175,057	\$448,179

Source: Office of the Stat Auditor, Cash Funds Uncommitted Reserves, Fiscal Year Ended June 30, 2024

The Department’s Cash Fund (Schedule 9) submission shows recent revenues and expenditures and projections. As shown, the fund is expected to continue to exceed excess reserve limits and, as of the Schedule 9 submission, it appears to expect this excess figure to grow.

Private Activity Bond Allocation Fund				
	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Proj.	FY 2025-26 Proj.
Revenue	\$154,409	\$328,286	\$386,958	\$386,958
Expenditure	162,642	70,386	172,750	172,750
Net Change	-8,233	257,900	214,208	214,208
Uncommitted fee reserve balance	201,892	459,793	624,001	821,798
Excess reserve	175,056	448,179	595,497	785,294

The Department has explained its large FY 2023-24 excess reserve and a growing reserve projected for FY 2024-25 as follows: “In FY 2023-2024, the 1 FTE that the fund covers was vacant for a portion of the year. Additionally, once the position was filled, DOH developed a more streamlined effort to collect on outstanding invoices and there has been an increase in the PAB issuances. Collecting on the outstanding invoices and the increased issuances brought in close to an additional \$200,000 more in revenue than the fund would anticipate in a year. It is anticipated that by the end of FY 2024-25, the fund balance will be approximately \$624,001.”

Staff inquired whether the fees for the program should be reduced, in light of the excess, and the Department responded: “The excess revenue obtained in the past two years is not a trend that DOLA anticipates in future years and was the result of an unplanned staff vacancy and the collection of invoices in a single year from a preexisting backlog. Reducing the fees, which are already unpredictable, has the risk of too little revenue in the future to cover fund operations requiring another increase of the fees.”

Given this, staff is recommending a transfer to the General Fund that will bring the program’s reserves down to a more reasonable level. The restriction on excess reserves does not apply if total reserves fall below \$200,000 pursuant to Section 24-75-402 (5)(g), C.R.S. Thus, at a minimum, the General Assembly should transfer sufficient funds to ensure that the program stays below the \$200,000 threshold; however, given General Fund shortfalls and that annual expenditures are projected to be under \$173,000 per year (16.5 percent=\$28,545), *staff suggests establishing an alternative target. As part of staff’s supplemental presentation, staff recommended a target of \$50,000. The Department has requested that it be allowed a reserve of \$100,000 to address variability in revenue for the program.*

## → BA3 FLEX Program Repeal

### Request

The Department submitted a supplemental request and corresponding budget amendment to repeal the Financial Literacy and Exchange (FLEX) program and transfer the remaining fund balance, estimated at \$625,000 at the end of FY 2024-25, to the General Fund. The program was created by House Bill 22-1389 (Financial Literacy Exchange Program); no participants have been enrolled into this program to date.

### Recommendation

The Committee sponsored S.B. 25-114 (Repeal of the FLEX Program) as part of the supplemental package; **no additional action is needed**. The line item detail for this program includes a \$0 recommendation for FY 2025-26.

### Analysis

House Bill 22-1389 created the Financial Literacy Exchange (FLEX) Program, which is modeled after the U.S. Department of Housing and Urban Development (HUD) Family Self-Sufficiency Program. The FLEX Program allows households participating in the State Housing Voucher (SHV) Program to open an escrow-like savings account. Account holders will receive a \$200 monthly match and access to services such as financial mentoring, life skills training, and asset management.

The program is funded by an annual General Fund appropriation into a continuously appropriated cash fund. The FLEX Fund has received \$708,952 since FY 2022-23 and is expected to have an ending FY 2024-25 balance of over \$625,000. No households have been enrolled in this program due to the FLEX account administrators’ inability to provide case management and

other additional responsibilities without compensation. The Department was spending approximately 90,000 per year for an FTE to administer the FLEX program; however, the employee working on this program has been shifted to a different position and no additional expenditures will be made out of the FLEX fund.

JBC staff flagged the FLEX program as a budget reduction option during the briefing process. The Department later agreed that because the program has not been able to enroll any households to date, there would be minimal negative consequences should it be repealed. In addition to the year-end balance transfer to the General Fund, repealing this program will have ongoing savings of approximately \$310,000 General Fund beginning in FY 2025-26.

## → Staff-initiated: Affordable Housing Program Costs True-up

### Recommendation

The recommendation includes adjustments to the Affordable Housing Program Costs line item to align with statute. This includes an adjustment to ensure that reappropriated funds that are subject to appropriation based on General Fund appropriations in the Affordable Housing Grants and Loans line item remain at \$540,000 (3.0 percent of the current \$18.0 million General Fund appropriation for Affordable Housing Grants and Loans), while reappropriated funds that are shown for informational purposes are based on 3.0 percent of the vendor fee amounts that staff recommends be shown for informational purposes in the Affordable Housing Grants and Loans line item. The net impact of these changes is an increase of \$49,391 reappropriated funds for Affordable Housing Program Costs.

# Line Item Detail

## (A) Community and Non-Profit Services

This subdivision encompasses activities headquartered at the main Division of Housing office in Denver. This includes the administration of the Division and oversight of services that are managed in the community through partnerships with community service and non-profit agencies. This section is also responsible for coordinating the allocation of Private Activity Bonds (tax-exempt bonds) through the work of the Private Activity Bond Allocation Committee.

### (1) Administration

#### Personal Services

This line item provides funding for overall division administration, including division management, budget, research, and accounting staff, as well as centrally located Department staff who oversee homeless prevention rental subsidy programs. Cash funds sources include the Homeless Prevention Activities Program Fund and the Private Activity Bond Allocations Fund. Reappropriated sources are from the Local Government Mineral and Energy Impact Grants and Disbursements line item and originate as Local Government Severance and Mineral Impact funds. Federal funds are comprised primarily of administrative allocations for the Housing Choice Voucher (“section 8”) rental subsidy program.

*Statutory authority:* Section 24-32-705, C.R.S.

*Request:* The Department request is shown in the table below.

*Recommendation:* Staff recommendation is shown in the table below.

Division of Housing, Community and Non-Profit Services, Personal Services						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$3,739,293	\$1,156,187	\$77,446	\$256,135	\$2,249,525	36.9
Other legislation	\$20,638	\$20,638	\$0	\$0	\$0	0.2
<b>Total FY 2024-25</b>	<b>\$3,759,931</b>	<b>\$1,176,825</b>	<b>\$77,446</b>	<b>\$256,135</b>	<b>\$2,249,525</b>	<b>37.1</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$3,759,931	\$1,176,825	\$77,446	\$256,135	\$2,249,525	37.1
Annualize prior year budget actions	236,303	77,358	7,396	4,525	147,024	0.0
Annualize prior year legislation	-20,638	-20,638	0	0	0	-0.2
<b>Total FY 2025-26</b>	<b>\$3,975,596</b>	<b>\$1,233,545</b>	<b>\$84,842</b>	<b>\$260,660</b>	<b>\$2,396,549</b>	<b>36.9</b>
Changes from FY 2024-25	\$215,665	\$56,720	\$7,396	\$4,525	\$147,024	-0.2
Percentage Change	5.7%	4.8%	9.5%	1.8%	6.5%	-0.5%

Division of Housing, Community and Non-Profit Services, Personal Services						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Executive Request	\$4,001,374	\$1,215,933	\$87,100	\$258,426	\$2,439,915	36.9
Staff Rec. Above/-Below Request	-\$25,778	\$17,612	-\$2,258	\$2,234	-\$43,366	0.0

## Operating Expenses

This line item funds the operating expenses of the Division. Common operating expenses for the Division include postage, equipment maintenance, and in-state travel. The majority of funds are federal administrative allocations for the Housing Choice Voucher (“Section 8”) rental subsidy program.

*Statutory authority:* Section 24-32-705, C.R.S.

*Request:* The Department request is shown in the table below.

*Recommendation:* **Staff recommends approval of the request.**

Division of Housing, Community and Non-Profit Services, Operating Expenses						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$469,181	\$59,230	\$4,938	\$64,918	\$340,095	0.0
Other legislation	\$33,357	\$33,357	\$0	\$0	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$502,538</b>	<b>\$92,587</b>	<b>\$4,938</b>	<b>\$64,918</b>	<b>\$340,095</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$502,538	\$92,587	\$4,938	\$64,918	\$340,095	0.0
Annualize prior year legislation	-33,357	-33,357	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$469,181</b>	<b>\$59,230</b>	<b>\$4,938</b>	<b>\$64,918</b>	<b>\$340,095</b>	<b>0.0</b>
Changes from FY 2024-25	-\$33,357	-\$33,357	\$0	\$0	\$0	0.0
Percentage Change	-6.6%	-36.0%	0.0%	0.0%	0.0%	n/a
FY 2025-26 Executive Request	\$469,181	\$59,230	\$4,938	\$64,918	\$340,095	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

## (2) Community Services

### Low Income Rental Subsidies

This line item supports programs that provide rental subsidies for low-income populations. The Division functions as a statewide public housing authority that primarily serves individuals and families with very low incomes (below 30.0 percent of the Area Median Income), people with disabilities, and people who are homeless. In this role, the Division administers a number of the state and federal rental assistance programs that target different populations.

The largest program is the federal Department of Housing and Urban Development’s (HUD’s) “Housing Choice Voucher Program” (formerly called “Section 8”), which allocates about 8,000

vouchers to the Division. Local public housing authorities also receive vouchers directly from the federal government, which receive about 30,000 vouchers and represent the majority of rental assistance offered throughout the state. Federal vouchers that are allocated to and administered by local housing authorities and are not reflected in the state budget. While local housing authorities generally focus on serving low-income populations, approximately 80 percent of the Division's vouchers support individuals with disabilities.

The Division administers four state-funded voucher programs, three of which are reflected in this line item:

- The *Mental Health—State Housing Voucher (MH-SHV)* was created in partnership with the Department of Human Services Office of Behavioral Health (now the Behavioral Health Administration), consolidated into the Division through S.B. 12-158 (Consolidate Public Housing Agencies in DOLA). This voucher is funded with General Fund reflected in this line item. The voucher provides assistance to individuals in mental health institutions at risk of exiting to homelessness. This voucher received \$8.5 million of General Fund that was appropriated to this line item in FY 2024-25.
- The *Recovery-Oriented Housing Program—State Housing Voucher (ROHP-SHV)* was created in S.B. 17-021 (Assistance to Released Mentally Ill Offenders). The program was initially funded with an appropriation from the Marijuana Tax Cash Fund, reflected in this line item, with an additional General Fund appropriation in H.B. 19-1009 (Substance Use Disorders Recovery). The additional General Fund was provided to expand the voucher program to include individuals with substance-use disorders. The voucher provides assistance to individuals with a mental health, substance-use, or behavioral health disorder that are transitioning into the community and have participated in a residential treatment or transition specialist program.
- The *Community Access Team Voucher Program (CAT-V)*, previously the Community Choice Transitions Program, was created in partnership with the Department of Health Care Policy and Financing (HCPF) by H.B. 18-1326 (Support for Transition from Institutional Settings). The voucher provides assistance to extremely-low income (30.0 percent Area Median Income) adults who are eligible to receive Home and Community Based (HBCS) Medicaid services and are in need of supportive services in connection with housing assistance. This voucher received \$12.7 million of General Fund that was appropriated to this line item in FY 2024-25.

*Statutory authority:* Section 24-32-705 (1)(t), C.R.S. [administering and distributing financial housing assistance to low- and moderate-income households and persons with disabilities]; and 25.5-6-1501 (1)(d), C.R.S. [Community Access Team housing voucher program]

*Request:* The Department request is shown in the table below and includes \$3.9 million reappropriated funds related to a non-prioritized request originating in HCPF.

*Recommendation:* **Staff recommends approval of the request** but will make adjustments pursuant to Committee decisions on HCPF BA7.



Division of Housing, Community and Non-Profit Services, Low Income Rental Subsidies						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$105,997,404	\$21,167,475	\$939,649	\$0	\$83,890,280	0.0
<b>Total FY 2024-25</b>	<b>\$105,997,404</b>	<b>\$21,167,475</b>	<b>\$939,649</b>	<b>\$0</b>	<b>\$83,890,280</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$105,997,404	\$21,167,475	\$939,649	\$0	\$83,890,280	0.0
Impacts driven by other agencies	3,917,871	0	0	3,917,871	0	0.0
<b>Total FY 2025-26</b>	<b>\$109,915,275</b>	<b>\$21,167,475</b>	<b>\$939,649</b>	<b>\$3,917,871</b>	<b>\$83,890,280</b>	<b>0.0</b>
Changes from FY 2024-25	\$3,917,871	\$0	\$0	\$3,917,871	\$0	0.0
Percentage Change	3.7%	0.0%	0.0%	n/a	0.0%	n/a
FY 2025-26 Executive Request	\$109,915,275	\$21,167,475	\$939,649	\$3,917,871	\$83,890,280	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

## Appropriation to the Child Care Facility Development Fund

House Bill 24-1237 (Programs for the Development of Child Care Facilities) creates the Child Care Facility Development Cash Fund and three programs within the Division, in consultation with the Department of Early Childhood, with the goal of collaborating with local governments and partners to increase child care capacity:

- The Child Care Facility Development Toolkit and Technical Assistance Program, which provides technical assistance for planning, developing, building, and co-locating child care facilities. The Division works with local governments, developers, employers, child care providers, and schools, and prioritizes projects in areas with a demonstrable need for child care. This program is repealed on July 1, 2028.
- The Child Care Facility Development Planning Grant Program, which provides grants to support local governments making regulatory updates and improvements to land use and building regulations that encourage the development of child care facilities. Grants support consultants or professional services which assess the child care needs of the community and implement relevant policy changes. The Division was required to adopt and update a menu of best practices and recommended policy tools for program recipients to utilize in conjunction with any award. This program is repealed on July 1, 2028.
- The Child Care Facility Development Capital Grant Program, which provides grants for the development and preservation of child care facilities. Applications are recommended for review to the State Housing Board, with preference to applicants that represent geographic diversity, co-locate with affordable or mixed-use developments, and support a high percentage of families below 100.0 percent of the Area Median Income. Applicant entities must provide a financial match of 50.0 percent for center-based facilities and 20.0 percent for home-based facilities. If there is not sufficient money in the fund to administer the capital grant program before July 1, 2025, the Division shall adopt the program beginning on November 1, 2025. This program is repealed on July 1, 2029.



The program periods are offset, with funds expended on the toolkit program through the end of FY 2024-25. All grant programs and the toolkit program may be funded beginning in FY 2025-26 through FY 2027-28, where the toolkit program and the planning grant program are then repealed. The capital grant program is the only remaining program in FY 2028-29.

The Child Care Facility Development Cash Fund received a \$250,000 General Fund transfer in H.B. 24-1237 and a \$250,000 cash funds appropriation from the fund and an associated 0.9 FTE. The Department may use up to \$70,000 of the annual appropriation for related administrative costs.

*Statutory authority:* Sections 24-32-3701 through 24-32-3705, C.R.S.

*Request:* The Department requests \$250,000 cash funds from the Child Care Development Facility Cash Fund.

*Recommendation:* **Staff recommends a \$250,000 General Fund appropriation to the fund and a corresponding reappropriation of \$250,000.** The fiscal note for H.B. 24-1237 assumed that \$250,000 would be transferred to the fund annually through the budget process from FY 2025-26 through FY 2027-28.

Division of Housing, Community and Non-Profit Services, Child Care Facility Development						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
Other legislation	\$250,000	\$0	\$250,000	\$0	\$0	0.9
<b>Total FY 2024-25</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>0.9</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$250,000	\$0	\$250,000	\$0	\$0	0.9
Annualize prior year legislation	250,000	250,000	-250,000	250,000	0	0.0
<b>Total FY 2025-26</b>	<b>\$500,000</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>0.9</b>
Changes from FY 2024-25	\$250,000	\$250,000	-\$250,000	\$250,000	\$0	0.0
Percentage Change	100.0%	n/a	-100.0%	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$250,000	\$0	\$250,000	\$0	\$0	0.9
Staff Rec. Above/-Below Request	\$250,000	\$250,000	-\$250,000	\$250,000	\$0	0.0

## Homeless Prevention Programs

This line supports homeless prevention activities, and reflects funds from the federal Emergency Shelter Grant and the state Homeless Prevention Activities Program Fund. The state Homeless Prevention Activities Program Fund receives revenue from the state income tax “check-off” for homeless prevention activities, where individual taxpayers voluntarily contribute to the fund through their state income tax return. This fund is to be used for direct services and assistance in avoiding eviction for individuals who are homeless or in danger of homelessness. A statutory advisory committee provides recommendations to the Executive Director of the Department on the allocation of these grants.

*Statutory authority:* Sections 24-32-705 (1)(i), C.R.S. [authority to receive grants]; 26-7.8-103, and 39-22-1302 (2), C.R.S. [Homeless Prevention Activities Program Fund]

*Request:* The Department requests \$2.3 million total funds, including \$170,000 cash funds and \$2.1 million federal funds shown for informational purposes. This is a continuation level of funding.

*Recommendation:* **Staff recommends approval of the request.**

## Appropriation to the FLEX Fund

This line item was created by H.B. 22-1389 (Financial Literacy Exchange Program) to provide funding for the financial literacy and exchange program (FLEX) via an appropriation to the continuously appropriated FLEX fund. The voluntary program allows individuals participating in a State Housing Voucher Program to have an escrow-like savings account established. Account holders receive a \$200 monthly match and receive access to financial mentoring, life skills training, and asset management services. This program will be repealed on July 1, 2025 pursuant to S.B. 25-114 (Repeal of FLEX Program).

*Statutory authority:* Section 24-32-726, C.R.S.

*Request:* The Department’s January request proposed elimination of the FLEX Program but retained \$4,736 General Fund related to prior year salary survey adjustments.

*Recommendation:* **Staff recommends eliminating all funding in this line item, as discussed in BA3 above.**

Division of Housing, Community and Non-Profit Services, Appropriation to the FLEX Fund						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$305,016	\$305,016	\$0	\$0	\$0	1.0
S.B. 25-100 (Supplemental)	\$0	\$0	\$0	\$0	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$305,016</b>	<b>\$305,016</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$305,016	\$305,016	\$0	\$0	\$0	1.0
Annualize prior year budget actions	0	0	0	0	0	0.0
BA3 FLEX Program repeal	-305,016	-305,016	0	0	0	-1.0
<b>Total FY 2025-26</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Changes from FY 2024-25	-\$305,016	-\$305,016	\$0	\$0	\$0	-1.0
Percentage Change	-100.0%	-100.0%	n/a	n/a	n/a	-100.0%
FY 2025-26 Executive Request	\$4,736	\$4,736	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	-\$4,736	-\$4,736	\$0	\$0	\$0	0.0

### (3) Fort Lyon Supportive Housing Program

This line item supports the Fort Lyon Supportive Housing Program created by S.B. 13-210 (Concerning Employment Conditions for Correctional Officers), located at the historic Fort Lyon campus outside of the town of Las Animas in Bent County. The Division contracts with the Colorado Coalition for the Homeless to administer the program’s residential and supportive services in addition to facility maintenance and operations.

*Statutory authority:* Section 24-32-724 (2), C.R.S.

*Request:* The Department request is shown below and includes prior year salary increases.

*Recommendation:* **Staff recommends \$5,762,544 General Fund and an associated 1.0 FTE.**

Division of Housing, Community and Non-Profit Services, Fort Lyon Supportive Housing						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$5,756,771	\$5,756,771	\$0	\$0	\$0	1.0
<b>Total FY 2024-25</b>	<b>\$5,756,771</b>	<b>\$5,756,771</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$5,756,771	\$5,756,771	\$0	\$0	\$0	1.0
Annualize prior year budget actions	5,773	5,773	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$5,762,544</b>	<b>\$5,762,544</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
Changes from FY 2024-25	\$5,773	\$5,773	\$0	\$0	\$0	0.0
Percentage Change	0.1%	0.1%	n/a	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$5,761,079	\$5,761,079	\$0	\$0	\$0	1.0
Staff Rec. Above/-Below Request	\$1,465	\$1,465	\$0	\$0	\$0	0.0

### (4) Ridge View Campus

This line item was created by S.B. 22-211 (Repurpose the Ridge View Campus), which required that the Ridge View Campus in Watkins, Colorado be repurposed to a supportive residential community for people experiencing homelessness. The bill provided a one-time appropriation of \$45.0 million in FY 2022-23 from the Economic Recovery and Relief Cash Fund, originating as federal American Rescue Plan Act Dollars. The initial appropriation supported the master plan, evaluation, and supporting services estimated to be launched by FY 2023-24, with new General Fund appropriations needed beginning in FY 2025-26.

*Statutory authority:* Section 24-32-730, C.R.S.

*Request:* The Department’s request is described in R1 Ridge View Campus Operating.

*Recommendation:* **Staff recommends \$3.5 million General Fund and \$1.8 million cash funds from the Affordable Housing Support Fund, and an associated 3.7 FTE,** as discussed earlier in this document.

**Division of Housing, Community and Non-Profit Services, Ridge View Campus**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$0	\$0	\$0	\$0	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$0	\$0	\$0	\$0	\$0	0.0
R1 Ridge View Campus operating expenses	5,306,832	3,506,832	0	1,800,000	0	3.7
<b>Total FY 2025-26</b>	<b>\$5,306,832</b>	<b>\$3,506,832</b>	<b>\$0</b>	<b>\$1,800,000</b>	<b>\$0</b>	<b>3.7</b>
Changes from FY 2024-25	\$5,306,832	\$3,506,832	\$0	\$1,800,000	\$0	3.7
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a
FY 2025-26 Executive Request	\$2,000,000	\$2,000,000	\$0	\$0	\$0	3.7
Staff Rec. Above/-Below Request	\$3,306,832	\$1,506,832	\$0	\$1,800,000	\$0	0.0

## (B) Field Services

### Affordable Housing Program Costs

This line item funds the affordable housing program, which focuses on providing outreach and technical assistance throughout the state.

*Statutory authority:* Section 24-32-705 (1), C.R.S.

*Request:* The Department request is show below.

*Recommendation:* Staff recommendation is shown below and includes differences related to prior year salary increases and adjustments related to the staff-initiated affordable housing costs true-up decision item.

**Division of Housing, Field Services, Affordable Housing Program Costs**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$2,576,599	\$235,596	\$89,651	\$1,562,819	\$688,533	30.8
Long Bill supplemental	\$754,438	\$0	\$0	\$754,438	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$3,331,037</b>	<b>\$235,596</b>	<b>\$89,651</b>	<b>\$2,317,257</b>	<b>\$688,533</b>	<b>30.8</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$3,331,037	\$235,596	\$89,651	\$2,317,257	\$688,533	30.8
Annualize prior year budget actions	133,173	15,010	7,396	62,899	47,868	0.0
SI Affordable housing costs true-up	49,391	0	0	49,391	0	0.0
R3 Analytics for unhoused Coloradans	0	0	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$3,513,601</b>	<b>\$250,606</b>	<b>\$97,047</b>	<b>\$2,429,547</b>	<b>\$736,401</b>	<b>30.8</b>

Division of Housing, Field Services, Affordable Housing Program Costs						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Changes from FY 2024-25	\$182,564	\$15,010	\$7,396	\$112,290	\$47,868	0.0
Percentage Change	5.5%	6.4%	8.2%	4.8%	7.0%	0.0%
FY 2025-26 Executive Request	\$3,003,347	\$528,513	\$98,506	\$1,657,639	\$718,689	33.2
Staff Rec. Above/-Below Request	\$510,254	-\$277,907	-\$1,459	\$771,908	\$17,712	-2.4

## Affordable Housing Construction Grants and Loans

This line item reflects federal and state funds used to support development of affordable housing through grant and loan programs administered by the Department. Most affordable housing programs are developed and administered by local authorities and the majority of federal funds for affordable housing are distributed directly to local housing authorities. The State serves as a partner in affordable housing development initiatives that are consistent with state housing priorities.

This line item was expanded by S.B 17-021 (Assistance to Released Mentally Ill Offenders) to provide additional rental assistance and support services under the *Homeless Solutions Program (HSP) State Housing Voucher*, one of four state housing vouchers administered by the Division. This voucher is provided to individuals with mental or behavioral health disorders transitioning from institutions, as well as individuals suffering from homelessness transitioning from a residential treatment program or community transition specialist program administered by the Behavioral Health Administration pursuant to section 27-66.5-103, C.R.S.

The line item reflects funds transferred into the Housing Development Grant Fund, which is continuously appropriated to the Division. The primary revenue source for the fund is sales tax vendor fee revenue, which was historically not reflected in this line item or the Long Bill. The majority of the funding from the Housing Development Grant Fund supports the expansion of housing supply across the state, providing support and financing for affordable housing construction. The Division serves as a “gap financier”, contributing to the financing of a development project and forming a portion of a given project’s capital stack along with local, regional, and national investors. Division staff receive project applications and provide recommendations to the State Housing Board, which approves the final funding for these projects. Federal funds reflected in this line item consist of a number of grants, including the HOME Investment Partnerships Program and the Housing Trust Fund (HTF).

*Statutory authority:* Sections 24-32-705 [Division of Housing functions]; 24-32-717 [Housing Investment Trust Fund]; and 24-32-721 [Housing Development Fund], C.R.S.

*Request:* The Department requests \$38.3 million total funds, including \$18.0 million General Fund.

***Recommendation:* Staff recommends the request with the addition of informational cash funds to reflect vendor fee revenue transferred to the Housing Development Grant Fund, as discussed earlier in this document.**

Division of Housing, Field Services, Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S.

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$34,699,716	\$18,000,000	\$0	\$0	\$16,699,716	0.0
Long Bill supplemental	37,300,000	0	37,300,000	0	0	0.0
<b>Total FY 2024-25</b>	<b>\$71,999,716</b>	<b>\$18,000,000</b>	<b>\$37,300,000</b>	<b>\$0</b>	<b>\$16,699,716</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$71,999,716	\$18,000,000	\$37,300,000	\$0	\$16,699,716	0.0
Impacts driven by other agencies	3,585,300	0	0	3,585,300	0	0.0
SI Informational funds adjustments	3,200,000	0	3,200,000	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$78,785,016</b>	<b>\$18,000,000</b>	<b>\$40,500,000</b>	<b>\$3,585,300</b>	<b>\$16,699,716</b>	<b>0.0</b>
Changes from FY 2024-25	\$6,785,300	\$0	\$3,200,000	\$3,585,300	\$0	0.0
Percentage Change	9.4%	0.0%	8.6%	n/a	0.0%	n/a
FY 2025-26 Executive Request	\$38,285,016	\$18,000,000	\$0	\$3,585,300	\$16,699,716	0.0
Staff Rec. Above/-Below Request	\$40,500,000	\$0	\$40,500,000	\$0	\$0	0.0

## Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice Systems

This line item supports housing assistance for persons with behavioral or mental health disorders who are transitioning from incarceration, consistent with S.B. 17-021 (Assistance to Released Mentally Ill Offenders). The Division is authorized to spend money from the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund, which is supported by an annual General Fund appropriation of \$500,000 by the General Assembly. Originally, the source of funding was unspent General Fund money that was appropriated in the prior fiscal year for community corrections programs and services and reappropriated funds from the Department of Corrections, Community Services, Parole Subprogram, Parolee Housing Support line item. House Bill 20-1262 (Housing Assistance Justice System Transition Money) repealed the requirement that unspent appropriations for community corrections programs be credited to the fund and subsequently be appropriated to DOLA.

*Statutory authority:* Section 24-32-721 (4)(d), C.R.S.

*Request:* The Department requests a continuation level of \$500,000 General Fund.

*Recommendation:* **Staff recommends approval of the request.**

## Manufactured Buildings Program

This line item supports the Division’s Housing Technology and Standards section, which supports, licenses, and regulates the residential and non-residential factory-built industry in Colorado. These duties include:

- The registration and certification of manufacturers, dealers, and installation professionals;
- Administers the manufactured housing consumer complaint process;
- Provides support for the adoption, enforcement, and compliance with the 2015 International Energy Conservation Code (IECC); and
- Provides technical assistance concerning lead-based paint, mold, and asbestos in affordable housing projects.

House Bill 22-1242 (Regulate Tiny Homes Manufacture Sale and Install) expanded the program, allowing the Department to set standards for tiny homes covering the manufacture, assembly, and installation. Sellers and installers of tiny homes must be certified by the Division.

The program is fee supported, deposited into the Building Regulation Fund.

*Statutory authority:* Sections 24-32-3304 [Manufactured Buildings Program]; and 24-32-3309 [Building Regulation Fund], C.R.S.

*Request:* The Department request is described in BA2 and shown below.

***Recommendation:* Staff recommends \$1,691,562 cash funds and no increase associated with BA2 as discussed earlier in this document.**

Division of Housing, Field Services, Manufactured Buildings Program						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$1,578,395	\$0	\$1,578,395	\$0	\$0	16.7
S.B. 25-100 (Supplemental)	\$0	\$0	\$0	\$0	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$1,578,395</b>	<b>\$0</b>	<b>\$1,578,395</b>	<b>\$0</b>	<b>\$0</b>	<b>16.7</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$1,578,395	\$0	\$1,578,395	\$0	\$0	16.7
Annualize prior year budget actions	113,167	0	113,167	0	0	0.0
<b>BA2 Manufactured Bldgs and Mobile Home Park</b>						
Dispute Resolution Cash Funds	0	0	0	0	0	0.0
Technical adjustments	0	0	0	0	0	-1.4
<b>Total FY 2025-26</b>	<b>\$1,691,562</b>	<b>\$0</b>	<b>\$1,691,562</b>	<b>\$0</b>	<b>\$0</b>	<b>15.3</b>
Changes from FY 2024-25	\$113,167	\$0	\$113,167	\$0	\$0	-1.4
Percentage Change	7.2%	n/a	7.2%	n/a	n/a	-8.4%
FY 2025-26 Executive Request	\$2,288,594	\$300,000	\$1,988,594	\$0	\$0	15.3
Staff Rec. Above/-Below Request	-\$597,032	-\$300,000	-\$297,032	\$0	\$0	0.0

## Mobile Home Park Act Oversight

This line item was created by H.B. 19-1309 (Mobile Home Park Oversight Act), which established the Mobile Home Park Dispute Resolution and Enforcement Program within the Division. Through this program, mobile home owners, mobile home park owners, and mobile home park managers can submit complaints for dispute resolution through the Division instead of taking issues to court. The Division’s requirements under the program include:

- Conducting outreach and education on mobile home park laws;
- registering all mobile home parks annually;
- receiving and investigating complaints;
- facilitating dispute resolution between mobile home owners and mobile home park landlords;
- maintain a database of relevant information and prepare an annual report of actions relevant to this act;
- determining whether violations of the law have occurred and taking enforcement actions; and
- engaging in public rulemaking to clarify the law.

This program is supported by fees that are deposited in the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund, which is continuously appropriated.

*Statutory authority:* Sections 38-12-1104 et seq. [Mobile Home Park Dispute Resolution and Enforcement Program]; and 38-12-1110 [Mobile Home Park Act Dispute Resolution and Enforcement Program Fund], C.R.S.

*Request:* The Department requested an informational appropriation of \$1,959,951 cash funds, including \$456,242 included in BA2.

***Recommendation:* Staff recommends \$1,536,137 informational cash funds from the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund, consistent with the discussion of BA2 earlier in this document.**

Division of Housing, Field Services, Mobile Home Park Act Oversight						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$1,458,474	\$0	\$1,458,474	\$0	\$0	10.5
<b>Total FY 2024-25</b>	<b>\$1,458,474</b>	<b>\$0</b>	<b>\$1,458,474</b>	<b>\$0</b>	<b>\$0</b>	<b>10.5</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$1,458,474	\$0	\$1,458,474	\$0	\$0	10.5
Annualize prior year budget actions	77,663	0	77,663	0	0	0.0
BA2 Manufactured Bldgs and Mobile Home Park Dispute Resolution Cash Funds	0	0	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$1,536,137</b>	<b>\$0</b>	<b>\$1,536,137</b>	<b>\$0</b>	<b>\$0</b>	<b>10.5</b>
Changes from FY 2024-25	\$77,663	\$0	\$77,663	\$0	\$0	0.0



Division of Housing, Field Services, Mobile Home Park Act Oversight

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Percentage Change	5.3%	0.0%	5.3%	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$1,959,951	\$0	\$1,959,951	\$0	\$0	10.5
Staff Rec. Above/-Below Request	-\$423,814	\$0	-\$423,814	\$0	\$0	0.0

## Appropriation to the Mobile Home Park Dispute Resolution and Enforcement Program Fund

This line was created as a result of H.B. 22-1287 (Protections for Mobile Home Residents), which made changes to the Mobile Home Park Act and Mobile Home Park Act Dispute Resolution and Enforcement Program and required a General Fund Appropriation into the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund. This appropriation is to be used by the Division to conduct outreach, monitoring, and enforcement related to sale, closure, or change in use of a mobile home park in accordance with sections 38-12-217 and 38-12-203.5, C.R.S.

In addition to the required General Fund Appropriation, beginning in FY 2024-25, the General Assembly may appropriate money from the General Fund for use by the Division to cover costs associated with complaints filed pursuant to section 38-12-1103 (2)(b) that are not covered by the annual registration fee authorized in section 38-12-1106 (8).

*Statutory authority:* Section 38-12-1110 (3), C.R.S.

*Request:* The Department requests \$570,440 General Fund, including \$452,000 associated with BA2.

*Recommendation:* **Staff recommends \$119,905 General Fund and no increase associated with BA2.**

Division of Housing, Field Services, Appropriation to the Mobile Home Park Act Dispute Resolution & Enforcement Program Fund

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$114,132	\$114,132	\$0	\$0	\$0	1.0
<b>Total FY 2024-25</b>	<b>\$114,132</b>	<b>\$114,132</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$114,132	\$114,132	\$0	\$0	\$0	1.0
Annualize prior year budget actions	5,773	5,773	0	0	0	0.0
BA2 Manufactured Bldgs and Mobile Home Park Dispute Resolution Cash Funds	0	0	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$119,905</b>	<b>\$119,905</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
Changes from FY 2024-25	\$5,773	\$5,773	\$0	\$0	\$0	0.0
Percentage Change	5.1%	5.1%	n/a	n/a	n/a	0.0%

Division of Housing, Field Services, Appropriation to the Mobile Home Park Act Dispute Resolution & Enforcement Program Fund

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Executive Request	\$570,440	\$570,440	\$0	\$0	\$0	1.0
Staff Rec. Above/-Below Request	-\$450,535	-\$450,535	\$0	\$0	\$0	0.0

### CHFA Middle Income Access Program [Discontinued Line Item]

This line item was created by S.B. 22-146 (Middle Income Access Program Expansion), which provided \$25.0 million to the Division to expand the Middle Income Housing Access Program administered by the Colorado Housing and Finance Authority (CHFA). The bill provided a one-time appropriation from the Affordable Housing and Home Ownership Cash Fund, originating from the General Fund, in FY 2022-23.

*Statutory authority:* Section 24-32-721.3, C.R.S.

*Request:* The Department did not request funding in this line item.

*Recommendation:* **Staff recommends approval of the request.**

### (C) Indirect Cost Assessments

This line reflects the amount of statewide and departmental indirect cost assessments within this division. Statewide indirect cost assessments are charged to cash and federal programs for statewide overhead costs (such as those generated by the Department of Personnel), and then the assessments are used in administrative divisions to offset General Fund appropriations. Departmental indirect cost assessments are charged to cash and federally funded programs for departmental overhead costs.

The funds are currently used to offset General Fund in the Executive Director's Office.

*Statutory authority:* Colorado Fiscal Rules #8-3; Section 24-75-1401, C.R.S. [Indirect Costs Excess Recovery Fund]

*Request:* The Department's November request included \$1,430,016 total funds.

*Recommendation:* Staff recommends \$1,673,984 total funds to align with the Department's updated indirect cost plan. [More information about the Department's indirect cost plan is provided at the end of this packet.]

Division of Housing, Indirect Cost Assessments, Indirect Cost Assessments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
HB 24-1430 (Long Bill)	\$1,549,628	\$0	\$880,052	\$179,891	\$489,685	0.0
<b>Total FY 2024-25</b>	<b>\$1,549,628</b>	<b>\$0</b>	<b>\$880,052</b>	<b>\$179,891</b>	<b>\$489,685</b>	<b>0.0</b>

Division of Housing, Indirect Cost Assessments, Indirect Cost Assessments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$1,549,628	\$0	\$880,052	\$179,891	\$489,685	0.0
Indirect cost assessment	124,356	0	190,511	-16,829	-49,326	0.0
<b>Total FY 2025-26</b>	<b>\$1,673,984</b>	<b>\$0</b>	<b>\$1,070,563</b>	<b>\$163,062</b>	<b>\$440,359</b>	<b>0.0</b>
Changes from FY 2024-25	\$124,356	\$0	\$190,511	-\$16,829	-\$49,326	0.0
Percentage Change	8.0%	#VALUE!	21.6%	-9.4%	-10.1%	n/a
FY 2025-26 Executive Request	\$1,430,016	\$0	\$865,472	\$152,555	\$411,989	0.0
Staff Rec. Above/-Below Request	\$243,968	\$0	\$205,091	\$10,507	\$28,370	0.0

## (4) Division of Local Government

This Division provides information and training for local governments concerning budget development, purchasing, demographics, land use planning, and regulatory issues. This division also manages federal- and state-funded programs that support local government infrastructure and services. To provide this assistance to local governments, the Division operates eight field offices.

Division of Local Government						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$197,455,042	\$14,885,349	\$155,826,568	\$10,402,405	\$16,340,720	63.5
Other legislation	790,344	323,098	467,246	0	0	5.3
S.B. 25-100 (Supplemental)	0	0	0	0	0	0.0
Long Bill supplemental	6,796,346	0	6,496,346	300,000	0	0.0
<b>Total FY 2024-25</b>	<b>\$205,041,732</b>	<b>\$15,208,447</b>	<b>\$162,790,160</b>	<b>\$10,702,405</b>	<b>\$16,340,720</b>	<b>68.8</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$205,041,732	\$15,208,447	\$162,790,160	\$10,702,405	\$16,340,720	68.8
R4 Defense Counsel on First Appearance Grant Program Reduction	-788,311	-788,311	0	0	0	0.0
R5 Severance tax transfer	0	0	0	0	0	0.0
SI Informational funds adjustments	531,654	0	531,654	0	0	0.0
SI Gray and Black Market Marijuana Grant Program reduction	-795,117	0	-795,117	0	0	0.0
Annualize prior year legislation	3,090,309	201,933	2,688,376	200,000	0	-0.2
Annualize prior year budget actions	327,739	94,675	36,981	146,162	49,921	0.0
Indirect cost assessment	-73,918	0	-25,847	-36,005	-12,066	0.0
Technical adjustments	-1,330	-1,330	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$207,332,758</b>	<b>\$14,715,414</b>	<b>\$165,226,207</b>	<b>\$11,012,562</b>	<b>\$16,378,575</b>	<b>68.6</b>
Change from FY 2024-25	\$2,291,026	-\$493,033	\$2,436,047	\$310,157	\$37,855	-0.2
Percentage Change	1.1%	-3.2%	1.5%	2.9%	0.2%	-0.3%
FY 2025-26 Executive Request	\$201,088,038	\$15,197,662	\$158,988,913	\$10,541,511	\$16,359,952	68.6
Staff Rec. Above/-Below Request	\$6,244,720	-\$482,248	\$6,237,294	\$471,051	\$18,623	0.0

## Decision Items

### → R4 Defense Counsel on First Appearance Grant Program [Legislation Recommended]

The Department's R4 requested a one-time reduction of \$392,159 General Fund to the Defense Counsel on First Appearance (DCFA) Grant Program. During the briefing process, staff suggested cutting the program further or eliminating the program entirely as budget balancing options.

Additional cuts were not formally requested in the January budget submissions, but the Department collaborated with staff on the recommendation below.

## Recommendation

Staff recommends a **reduction of \$788,311 General Fund for FY 2025-26, annualizing to \$1,188,311 in FY 2026-27 and ongoing.** The recommendation would leave \$715,000 available in FY 2025-26 and \$315,000 available for future years. Additionally, staff recommends the Committee **sponsor legislation to put parameters for the grant program in statute to exclude municipalities with a population of over 100,000 from receiving grant funds beginning in FY 2026-27.**

## Analysis

### History

House Bill 16-1309 (Right to Counsel in Municipal Court) imposed a requirement on municipal courts to appoint legal counsel to any defendant in custody and charged with an offense that carries a potential sentence of incarceration. Counsel must be present for the defendant's initial appearance unless he or she makes a knowing, intelligent, and voluntary waiver of his or her right to counsel. If the defendant remains in custody, they have a right to counsel until released. Once released, the defendant may apply for and the court must appoint an attorney if the defendant is deemed indigent and faces a potential sentence of incarceration. The General Assembly passed H.B. 18-1353 (Defense Counsel in Municipal Court Grant Program) to reimburse local governments, in whole or in part, for their costs associated with the requirements imposed by Section 13-10-114.5, C.R.S.

The H.B. 18-1353 fiscal note was unable to estimate the potential cost of the defense counsel requirements to municipalities across the state; the bill included an appropriation of \$1.85 million General Fund. The appropriation was cut in half in FY 2020-21 due to projected underutilization, and the COVID-19 pandemic. Funding gradually returned to its original level before being cut pursuant to the Department's FY 2024-25 R4 request. A history of appropriations and reversions is shown below; this information was provided in the request for information response related to this program submitted with the November 1<sup>st</sup> request.

Funding by Year							
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Appropriations	\$1,846,959	\$1,995,520	\$1,000,000	\$1,309,520	\$1,998,494	\$1,999,982	1,500,425
Awarded	1,176,562	289,700	1,000,000	627,000	277,300	1,081,300	n/a
Expended	211,561	552,472	517,917	668,987	682,518	872,914	n/a
Reverted	n/a	533,097	513,100	338,268	529,701	1,789,755	n/a

Note: Reversions may not equal the difference between awards and expenditures in a given year due to one year of roll-forward authority provided for each appropriation and differing expiration dates of individual awards.

Following a [sunset review](#), H.B. 23-072 extended the program for an additional five years through FY 2027-28. The review alleges that “the DCFA Grant Program helps to ensure that the State of Colorado continues to maintain a fair justice system for any and all defendants who face the possibility of incarceration”. The importance of providing defense counsel was also a

primary topic of discussion in legislative committee hearings for H.B. 23-072. Staff notes that municipal courts are statutorily required to provide defense counsel whether or not the State is subsidizing them for it; therefore, the existence of this program *should* be immaterial to whether or not defendants are appropriately provided with counsel in municipal court.

## Program Utilization

The DCFA Grant Program has been over-appropriated since its inception. The following reasons have been cited for underutilization:

- A limited number of courts meet both the eligibility guidelines and experience enough cases to make the program cost-effective. Small municipalities are unlikely to have both a municipal court and the ability to incarcerate defendants post-sentencing. These municipalities transfer applicable cases to county court or a larger municipality.
- Courts face challenges in tracking eligible cases and cannot successfully request reimbursement.
- The COVID-19 pandemic substantially decreased the amount of courtroom activity. The program has experienced an uptick in demand as proceedings have returned to normal.

The Department has provided, and continues to provide, substantial outreach directly to municipalities and through the Office of the Alternate Defense Counsel. The Department also offers in-depth technical assistance and even hosts weekly office hours throughout each reporting period.

The following table shows a complete history of awards by recipient, with municipalities over 100,000 highlighted. Awards are determined based on the estimated eligible caseload provided by the applicant. During the application process, the applicant has to provide billing statements and other supporting documentation from the previous fiscal year to justify the eligible case forecast for the upcoming year. Denver and Aurora account for over half of all funding awarded throughout this program's history.

Awards by Municipality								
Recipient	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Total	Total Share (over 6 yrs)
Alamosa	\$1,800	n/a	n/a	n/a	\$4,000	\$4,000	\$9,800	0.2%
Arvada	5,400	9,700	10,000	8,000	n/a	8,000	41,100	0.9%
Aurora	98,100	145,000	150,000	150,000	150,000	300,000	993,100	22.3%
Brighton	6,300	n/a	n/a	n/a	36,000	36,000	78,300	1.8%
Broomfield	n/a	n/a	n/a	n/a	n/a	15,000	15,000	0.3%
Brush	6,300	n/a	n/a	n/a	n/a	n/a	6,300	0.1%
Castle Rock	n/a	n/a	n/a	n/a	3,300	3,300	6,600	0.1%
Colorado Springs	52,875	n/a	30,000	5,000	n/a	150,000	237,875	5.3%
Commerce City	41,400	n/a	25,000	13,000	n/a	13,000	92,400	2.1%
Cortez	22,950	n/a	n/a	n/a	n/a	12,500	35,450	0.8%
Cripple Creek	n/a	n/a	n/a	n/a	1,500	n/a	1,500	0.0%
Denver	243,909	n/a	500,000	275,000	n/a	275,000	1,293,909	29.1%
Edgewater	n/a	n/a	n/a	n/a	10,000	10,000	20,000	0.4%
Englewood	29,934	n/a	55,000	25,000	n/a	25,000	134,934	3.0%
Federal Heights	1,000	n/a	n/a	n/a	1,500	2,500	5,000	0.1%

Awards by Municipality								
Recipient	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Total	Total Share (over 6 yrs)
Firestone	n/a	n/a	1,000	n/a	1,500	1,500	4,000	0.1%
Fort Collins	8,100	14,000	10,000	10,000	n/a	15,000	57,100	1.3%
Grand Junction	3,258	n/a	4,000	n/a	n/a	n/a	7,258	0.2%
Greeley	17,100	n/a	18,000	8,000	n/a	8,000	51,100	1.1%
Greenwood Village	2,700	n/a	n/a	n/a	n/a	n/a	2,700	0.1%
Hudson	15,300	n/a	2,000	n/a	n/a	n/a	17,300	0.4%
Lafayette	31,500	n/a	n/a	n/a	n/a	n/a	31,500	0.7%
Lakewood	71,244	50,000	25,000	25,000	n/a	30,000	201,244	4.5%
Littleton	59,400	n/a	30,000	15,000	15,000	30,000	149,400	3.4%
Lochbuie	n/a	n/a	n/a	n/a	1,500	1,500	3,000	0.1%
Longmont	23,400	n/a	16,000	6,000	n/a	6,000	51,400	1.2%
Loveland	6,120	5,000	5,000	4,000	n/a	4,000	24,120	0.5%
Manitou Springs	n/a	n/a	n/a	n/a	2,000	2,000	4,000	0.1%
Northglenn	5,220	9,000	5,000	4,000	n/a	4,000	27,220	0.6%
Palisade	1,530	n/a	n/a	n/a	n/a	n/a	1,530	0.0%
Parker	2,250	2,000	5,000	4,000	n/a	4,000	17,250	0.4%
Pueblo	213,975	n/a	28,000	18,000	18,000	36,000	313,975	7.1%
Rifle	8,280	10,000	10,000	8,000	n/a	8,000	44,280	1.0%
Sheridan	36,000	15,000	10,000	8,000	n/a	8,000	77,000	1.7%
Thornton	62,325	30,000	20,000	18,000	18,000	36,000	184,325	4.1%
Westminster	69,102	n/a	25,000	15,000	15,000	25,000	149,102	3.3%
Wheat Ridge	29,790	n/a	16,000	8,000	n/a	8,000	61,790	1.4%
<b>Total</b>	<b>\$1,176,562</b>	<b>\$289,700</b>	<b>\$1,000,000</b>	<b>\$627,000</b>	<b>\$277,300</b>	<b>\$1,081,300</b>	<b>\$4,451,862</b>	<b>100.0%</b>

## Staff Recommendation

During the Department’s briefing, staff suggested limiting the program to municipalities of a certain size or capping the dollar amount a municipality may receive in order to reduce the program’s cost while still providing support to small municipalities. The Department collaborated with staff on a proposal and suggests the following course of action:

- Reduce the program by approximately \$800,000 General Fund for FY 2025-26 (doubling the reduction originally proposed in R4) and cut awards to municipalities with populations over 100,000 by half. The Department estimates that the remaining appropriation would still be enough to fund municipalities under 100,000 at historic levels of support while providing larger municipalities half of what they have budgeted for in their current fiscal years.
- Exclude municipalities with populations over 100,000 from the grant program entirely beginning in FY 2026-27. This would allow an additional \$400,000 reduction; the program’s ongoing appropriation would be \$315,000

The recommendation to phase-out funding for larger municipalities is based on feedback provided to the Department. Local governments budget on a calendar year, therefore an immediate reduction in FY 2025-26 would impact budgets that have already been approved. For example, the City and County of Denver reported that losing all program funding in their current budget year would require cuts to the wraparound services provided by their Client

Support Teams (CSTs), including behavioral health navigation, peer support, translation & interpreter services, immigration advisories and case management to the clients Denver represents.

The Department requests legislation to implement the parameters related to population size. Section 24-32-123 (3), C.R.S., allows the Department’s Executive Director to promulgate rules for the grant program. Staff agrees that putting the population limit in statute would be prudent but needs to have further discussions with the Department on this strategy.

### Evidence Discussion and Recommendation

The Department has indicated that this is an “evidence-informed” request. Evidence-informed means that the best available research evidence supports the effectiveness of the program or practice, as demonstrated by at least one quality evaluation that shows improvement over time. A program or practice is defined as a defined intervention or approach with replicable elements that is hypothesized to improve specified outcomes for a clearly defined target population.

The Department did not provide any evaluations or research evidence showing that reimbursing municipalities for defense counsel in the specified circumstances results in a greater number of defendants with representation. Because municipal courts are statutorily required to provide defense counsel whether or not the State is subsidizing them for it, staff does not believe the DCFA program meets the definition of a “program or practice” defined above. Staff disagrees with the Department, and assigns a designation of ‘ineligible’ to this request.

## → R5 Severance Tax Transfer [Legislation Required]

### Request

The request, as submitted, proposes to transfer \$10,000,000 from the Local Government Severance Tax Fund to the General Fund in FY 2025-26. This would require legislation. Most Severance Tax revenue is distributed equally between the Departments of Local Affairs and Natural Resources. The portion directed to the Department of Local Affairs is statutorily allocated between formula distributions (30.0 percent) and Energy/Mineral Impact Assistance Fund grants for local government infrastructure, land use planning, and other projects (70.0 percent). The Department indicates that the reduction would be applied to grants.

In subsequent communication with staff, the Department has indicated that it is prepared to support an additional transfer—in FY 2024-25—of \$10,000,000 from the Local Government Severance Tax Fund as a budget balancing measure.

Staff understands that any such transfers would be *in addition to* statewide request R1 which proposes to sweep interest revenue that is not TABOR exempt from select cash funds at year end. In updated estimates provided by the Governor’s Office, the impact of such interest-related reductions to the Local Government Severance Tax Fund would be a reduction of



\$9,130,265 for FY2024-25 and \$6,278,325 for FY 2025-26 based on its January 2, 2025 estimates.

## Recommendation

Staff recommends a \$20.0 million transfer (\$10.0 million in FY 2024-25 and \$10.0 million in FY 2025-26) as a budget balancing measure. More or less could be taken. Historically, the General Assembly has made large transfers and diversions from the Local Government Severance Tax Fund and the Local Government Mineral Impact Fund to help balance the state budget during recessions, often eliminating all local government grants for multiple years. However, since the state’s current problem is a structural budget deficit—rather than a recession—the proposed transfers should be viewed as temporary “soft landing” budget balancing measures, unless the General Assembly wishes to make additional structural changes to the allocation of Severance Tax statewide. Such a change could, for example, redirect Local Government Severance Tax receipts that exceed a certain figure back to the General Fund.

Different from the current request, the Statewide R1 proposal to sweep interest earnings from the Local Government Severance Tax Fund will provide an ongoing change to state revenue and is thus a more effective long-term tool for balancing the budget. As recognized in that statewide request, interest earnings on the Local Government Severance Tax Fund are not exempt from TABOR and thus reduce the General Fund revenue the State is allowed to retain when the State is at its TABOR cap.

**In FY 2024-25 and FY 2025-26, both Department Request R5 and Statewide Request R1 may be needed, and even greater Local Government Severance Tax Fund sweeps may be required, but the Committee should be mindful that these two proposals interact.**

## Analysis

### Background – Local Government Severance Tax Fund

The Department of Local Affairs is responsible for distributing state revenues associated with mineral extraction for the benefit of local governments. This includes money from two major funding streams discussed below. While these streams are separate, the functions of the two funding sources are similar within this department. This includes:

- 50 percent of most<sup>16</sup> state **severance tax** revenue, levied pursuant to 39-29-101, et. seq., C.R.S., on oil, gas, and metallic minerals, based on the value of material extracted from privately and publicly owned lands; and

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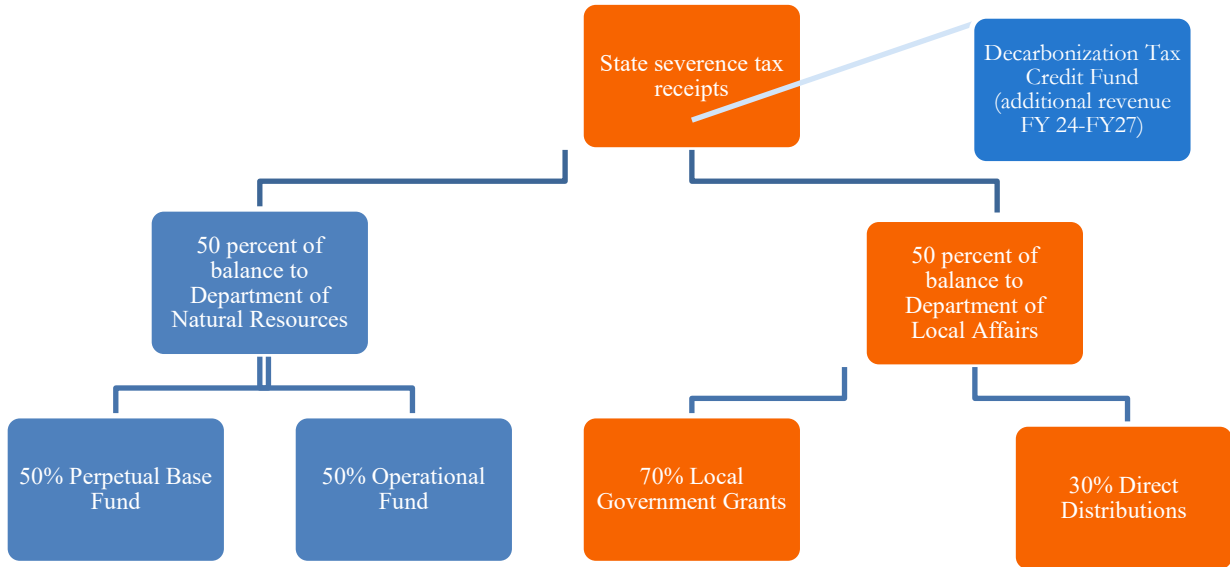
<sup>16</sup> Pursuant to H.B. 23-1272, for FY 2023-24 through FY 2026-27 severance taxes are increased by reducing the credit against severance taxes for ad valorem taxes. The resulting increase in severance tax revenue (estimated at \$37.5 million for FY 2024-25) is directed to the Decarbonization Tax Credits Cash Fund. Because of this, the Local Affairs share of total revenue is less than 50.0 percent, but overall revenue is greater than it would otherwise be. There is also a diversion to the Just Transitions Cash Fund provided in H.B. 21-1312.

- 41.7 percent of most **federal mineral lease (FML)** revenues, the state’s share of rents and royalties from private sector mineral extraction on federal lands located in the state (“non-bonus” revenues). The Department also administers a 50 percent share of “bonus” revenues (initial payments from private entities for the right to extract oil, gas, or minerals on a parcel of land) that may be used when the regular revenue stream declines.

*Severance Tax:* State severance tax receipts are allocated to the Department pursuant to 39-29-108, C.R.S., and funding is allocated within the Department pursuant to Section 39-29-110, C.R.S.

- *Local Affairs Grants and Loans (70.0 percent):* Local governments apply to the Department for the loans and grants at three different times during the year. DOLA is assisted by a 12-member Energy and Mineral Impact Assistance Advisory Committee in making funding decisions. The money must be used for the planning, construction, and maintenance of public facilities, and for the provision of public services.
- *Local Affairs Formula Allocations (30.0 percent):* Provided to local governments by August 31 of the following fiscal year based on the geographic location of energy industry employees, mine and well permits, and overall mineral production.

**Allocation of State Severance Tax Revenue  
(Section 39-29-108, C.R.S.)**

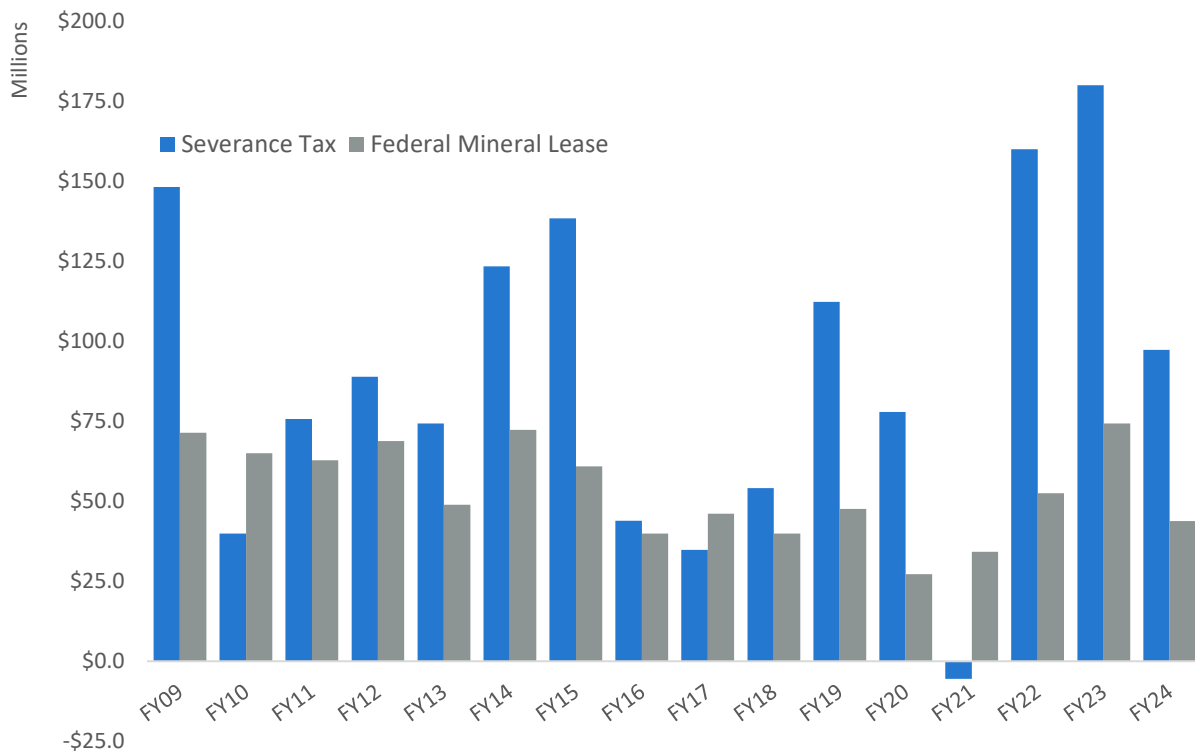


*Federal Mineral Lease Funds:* In the Department, Severance Tax funds are used in a manner similar to another source of funds: federal mineral impact funds. Pursuant to 34-63-102, C.R.S. 41.7 percent of the State's share of private sector payments to the federal government for mineral and mineral fuel production on federal lands (referred to as federal mineral lease revenues “non-bonus” payments) is deposited to the Local Government Mineral Impact Fund on a quarterly basis. **Of the “non-bonus” mineral impact money managed by the Department of Local Affairs, just under half is allocated to grants and loans. This is combined with Local**

**Government Severance Tax Funds to provide the funding source for the Department’s “Energy Impact Grants”, which are awarded based on the combined revenue for grants from both funding sources.** The balance of non-bonus federal mineral lease money managed by the Department is allocated based on statutory direct distribution formulas. Half of “bonus” revenue is also managed by the Department and available to support direct distributions to energy impacted communities when funds for direct distributions decline substantially.

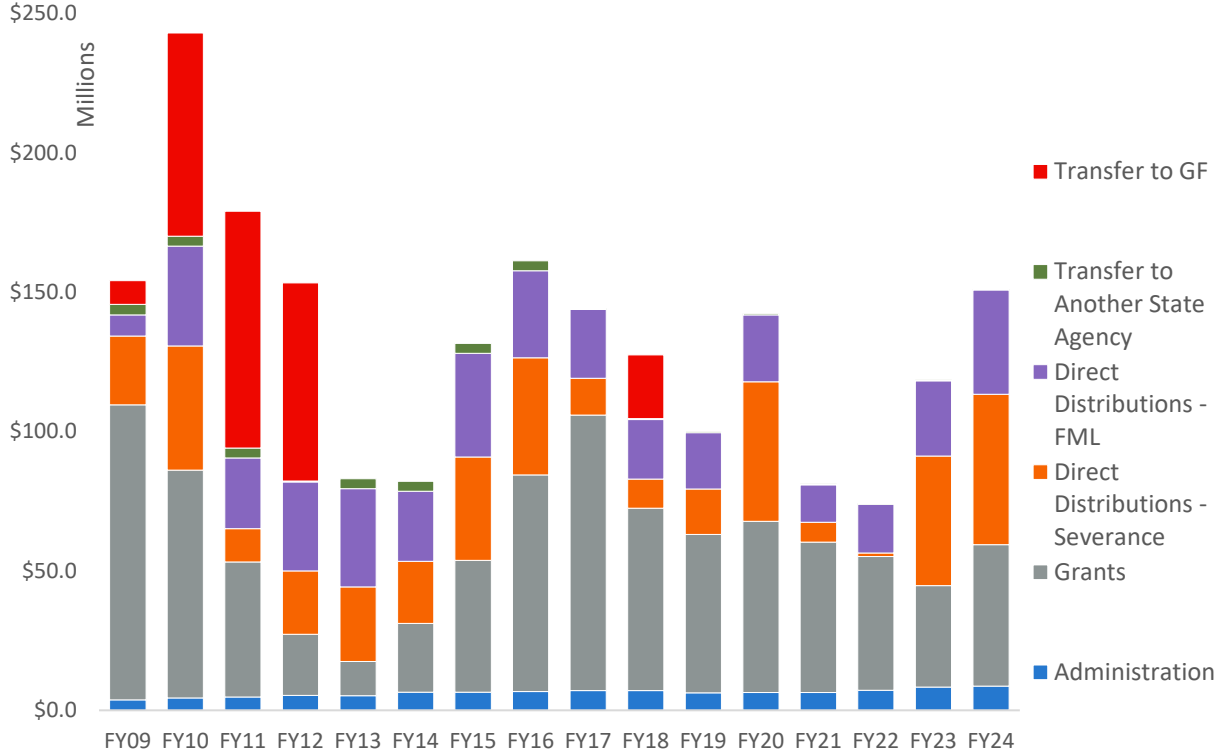
Severance tax and federal mineral lease revenues are volatile funding sources, as reflected in the chart below.

Severance Tax & Mineral Lease Revenue to the Department of Local Affairs



Funds that could be used for energy impact grants have also been swept to the General Fund on many occasions, primarily during recessions. Between FY 2006-07 and FY 2024-25, \$228.6 million was transferred from the Local Government Severance Tax Fund to the General Fund and \$68.6 million was transferred from the Local Government Mineral Impact to the General Fund.

## Use of DOLA's Energy Impact Funds



## Projected Impact of the Request on Mineral and Energy Impact Grants

Projected Energy/Mineral Impact Funds available if DOLA R5 and Statewide R1 are approved				
	FY 2023-24 prelim	FY 2024-25 forecast	FY 2025-26 forecast	FY 2026-27 forecast
<b>Total DOLA Mineral and Energy Impact Revenue</b>				
OSPB Dec forecast - Severance Tax to DOLA	\$86.4	\$79.7	\$88.1	\$83.1
OSPB Dec forecast - FML to DOLA	40.2	38.6	44.2	45.7
Interest Income - Severance (non-exempt)	11.5	9.1	6.3	8.5
Interest Income - FML (TABOR exempt)	3.6	4.2	3.3	2.9
<b>Total DOLA Mineral and Energy Impact Revenue</b>	<b>\$141.8</b>	<b>\$131.6</b>	<b>\$141.9</b>	<b>\$140.2</b>
<b>Administration from both sources</b> (including. indirect costs & transfers - DOLA actuals & estimates)				
Severance Tax DOLA admin, indirects, transfers	6.5	4.8	5.0	5.1
Mineral Impact DOLA admin, indirects, transfers	4.0	3.3	3.4	3.5
<b>Total admin</b>	<b>\$10.4</b>	<b>\$8.1</b>	<b>\$8.4</b>	<b>\$8.6</b>
<b>Funding for Grants: Two Perspectives</b>				
<i>View 1: New funds available for grants</i>				
Severance Tax - new funds less transfers				
Grants (70% of total to DOLA)	54.0	50.9	56.7	53.0

Projected Energy/Mineral Impact Funds available if DOLA R5 and Statewide R1 are approved				
	FY 2023-24 prelim	FY 2024-25 forecast	FY 2025-26 forecast	FY 2026-27 forecast
Transfer to GF in HB24-1413	0.0	-25.0	0.0	0.0
Transfer in S.B. 24-174 (see note)	0	*	0.0	0.0
DOLA R5 with FY 2024-25 addition	0.0	-10.0	-10.0	0.0
Statewide R1 Interest Sweep**	0.0	-9.1	-6.3	-4.3
Subtotal - Severance Tax Grants - new funds	54.0	6.8	40.4	48.8
FML Grants	19.3	18.5	21.2	21.9
<b>Money for grants available from new funds</b>	<b>\$73.3</b>	<b>\$25.3</b>	<b>\$61.6</b>	<b>\$70.7</b>
<i>View 2: Grant Awards Announced in Fiscal Year - stabilized via reserves</i>				
Local Government Severance Tax Grants		\$59.9	\$38.9	\$56.9
Local Government Mineral Impact Grants		30.4	15.4	22.4
<b>Total grants announced in fiscal year</b>	<b>\$73.3</b>	<b>\$90.3</b>	<b>\$54.3</b>	<b>\$79.3</b>
<b>Funding for Direct Distributions***</b>				
Direct Distrib-Severance (30%)	25.9	23.9	26.4	24.9
Direct Distrib-FML to local governments (50%)	19.3	18.5	21.2	21.9
Direct Distrib- FML to school districts	1.6	1.6	1.8	1.9
<b>Total Direct Distributions</b>	<b>\$46.8</b>	<b>\$44.0</b>	<b>\$49.4</b>	<b>\$48.7</b>
<b>EOY End Balance Less Grant Obligations</b>				
Severance Tax	\$161.2	\$123.2	\$129.7	\$148.3
Mineral Impact	32.3	21.3	24.5	54.2
<b>Total Unobligated Reserves</b>	<b>\$193.5</b>	<b>\$144.5</b>	<b>\$154.1</b>	<b>\$202.5</b>
*\$10.5 million from Severance Tax and \$4.5 million from FML funds was transferred under S.B. 24-174 for grants to local governments for a specific purpose. Because this is a type of use allowable for EIAF grants, this reduction is not included.				
**Based on communication with the Department, Statewide R1 reductions would also be from the grants				
***Distributed in August following the fiscal year shown				
DOLA distributions shown - Exclude FML bonus funds to Permanent Fund				

Staff notes that Severance Tax forecast figures have continued to decline in recent economic forecasts. **Depending upon the March 2025 forecast, the figures above could decline further. If necessary, staff will bring a revised recommendation at that time.**

## → Staff-initiated Gray and Black Market Marijuana Enforcement Grant Program Repeal [Legislation Recommended]

### Request

The Department's November request included an appropriation of \$976,679 from the Marijuana Tax Cash Fund for the Gray and Black Market Marijuana Enforcement Grant Program. Staff recommended cutting the program by \$150,000 during the briefing process. The Governor's January 2<sup>nd</sup> budget letter expressed support for eliminating the program entirely.

## Recommendation

**Staff recommends eliminating funding for new grants but providing an appropriation of \$175,100 MTCF for administrative costs to oversee 38 open contracts that were awarded funds from the FY 2024-25 appropriation.** This action would create MTCF savings of \$795,117 in FY 2025-26. Additionally, staff recommends the Committee sponsor legislation to repeal the program from statute at the end of FY 2025-26, after all FY 2024-25 funds have reverted and final contracts and reporting have been completed.

## Analysis

The Gray and Black Market Marijuana Enforcement Grant Program provides grants to local law enforcement agencies and district attorneys to assist with the enforcement of unlicensed and illegal marijuana cultivation and related crimes. The program receives an annual appropriation of approximately \$975,000 from the Marijuana Tax Cash Fund, of which about \$800,000 is available for grants after administration costs. Any unexpended or unencumbered money from an appropriation remains available for expenditure the following year before reverting to the Marijuana Tax Cash Fund.

The program utilizes a formula-based model to distribute all available grant funding to local governments who have opted in, with higher weight given to rural communities. The recipients later provide the Department with information on how the funding was utilized and return unused funds. Expenditures are not reported by category, but staff’s understanding is that a significant amount of funding is used for equipment purchases.

The program was created by H.B. 17-1221 (Gray and Black Market Marijuana Enforcement Efforts) and has received \$22.6 million from the Marijuana Tax Cash Fund since its inception. However, a significant portion of the funds reverted in the first two years. The program was changed from a reimbursement model to a formula distribution after the first year, which eventually resulted in all available funding being awarded every year. The program was also cut substantially in FY 2020-21 due to underutilization; the Department submitted a prioritized request for the reduction prior to the start of the COVID-19 pandemic. Reversions for the three completed fiscal years since the funding cut (taking into account the two-year expenditure period) have averaged \$111,400.

Historic Appropriations	
Year	Amount
FY 2017-18	\$5,919,036
FY 2018-19	5,940,151
FY 2019-20	5,944,365
FY 2020-21	950,673
FY 2021-22	950,673
FY 2022-23	955,178
FY 2023-24	963,668
FY 2024-25	970,217
<b>Total</b>	<b>\$22,593,961</b>

For FY 2023-24, the most recent year for which an annual report is available, the program was appropriated \$963,668 and \$794,300 was available for grants after administrative costs. Recipients reported the following outputs attributable to the program for FY 2023-24:

FY 2023-24 Program Outputs	
Cases/seizures	99
Pounds seized	1,920
Grows/site/labs dismantled	121
Plants seized	4,146
Disruptions of sale or distribution	121
Arrests	30
Weapons seized	41

The grant term for awards made from the program’s FY 2024-25 appropriation will end in May 2026. The Department indicates that \$175,100 will be needed to maintain staff to oversee the 38 open contracts, receive and review quarterly reports for compliance, and ensure proper contract closeout. The appropriation will decrease to \$0 in FY 2026-27 and ongoing, generating a savings of approximately \$976,700 in the MTCF. While staff does not believe it is imperative to repeal the program from statute (the General Assembly *may* appropriate money for the program), staff recommends the Committee sponsor legislation to do so as best practice to signal a definitive end to the program.

### **i: Long Bill Add-on – Firefighter Benefits Cash Fund**

Staff will include an add-on supplemental adjustment to the Long Bill to align with JBC action on an interim supplemental request that was approved in September 2024. By approving this request when the General Assembly was not in session, the JBC committed to introducing a bill with the approved supplemental adjustment. The Department and staff failed to note this interim supplemental when the Committee was considering regular supplemental requests in January, so this item was inadvertently omitted from the Department of Local Affairs supplemental package bill. Staff will therefore include the adjustment as a Long Bill supplemental add-on.

Through the interim supplemental process, the JBC approved an FY 2024-25 increase of \$300,000 reappropriated funds from the Firefighters Benefits Cash Fund to address a technical deficiency in the appropriations clause for H.B. 24-1219 (First Responder Employer Health Benefit Trusts).

# Line Item Detail

## (A) Local Government and Community Services

The *Local Government Services* section provides administrative, financial, and other assistance to local officials, staff, and citizens in the operation of a local government. This includes assistance on budgeting, finance, general government administration, special district administration and elections, and enterprise management. It also assists with the preparation, processing and publication of various required local government filings received by DOLA from over 3,500 local governments statewide, including over 2,000 special districts.

The *Energy Impact Grant Program* is supported by central management staff that are supported by this line item as well as by regional staff that are supported by the Field Services Program Costs line item.

The federal *Community Services Block Grant* provides funds to alleviate the causes and conditions of poverty in communities. The Governor has designated DOLA as the lead agency for the grant.

### (1) Administration

#### Personal Services

This line item funds salaries and associated Medicare and PERA contributions, as well as contractual services, for approximately half of the technical assistance and grants management FTE in the Division of Local Government (the remaining half are in the Field Services, Program Costs line item).

*Statutory authority:* Section 24-32-104, C.R.S.

*The Department request and recommendation are shown below.* The figures differ due to updates to the annualization of prior year salary survey and step pay that are included in the staff recommendation.

Division of Local Government, Local Government and Community Services, Personal Services						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$1,674,893	\$743,172	\$0	\$742,213	\$189,508	17.8
Other legislation	\$23,098	\$23,098	\$0	\$0	\$0	0.4
<b>Total FY 2024-25</b>	<b>\$1,697,991</b>	<b>\$766,270</b>	<b>\$0</b>	<b>\$742,213</b>	<b>\$189,508</b>	<b>18.2</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$1,697,991	\$766,270	\$0	\$742,213	\$189,508	18.2
Annualize prior year budget actions	95,315	41,565	0	36,654	17,096	0.0
Annualize prior year legislation	1,421	1,421	0	0	0	0.0



Division of Local Government, Local Government and Community Services, Personal Services						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total FY 2025-26	\$1,794,727	\$809,256	\$0	\$778,867	\$206,604	18.2
Changes from FY 2024-25	\$96,736	\$42,986	\$0	\$36,654	\$17,096	0.0
Percentage Change	5.7%	5.6%	n/a	4.9%	9.0%	0.0%
FY 2025-26 Executive Request	\$1,817,200	\$837,201	\$0	\$778,650	\$201,349	18.2
Staff Rec. Above/-Below Request	-\$22,473	-\$27,945	\$0	\$217	\$5,255	0.0

## Operating Expenses

This line item funds the operating expenses of the Division of Local Government's administration. Common operating expenses include advertising, in-state travel, printing, postage, and various other cost items.

*Statutory authority:* Section 24-32-104, C.R.S.

*The Department request and recommendation are shown below.*

Division of Local Government, Local Government and Community Services, Operating Expenses						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
HB 24-1430 (Long Bill)	\$137,201	\$48,028	\$0	\$25,146	\$64,027	0.0
Total FY 2024-25	\$137,201	\$48,028	\$0	\$25,146	\$64,027	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	\$137,201	\$48,028	\$0	\$25,146	\$64,027	0.0
Annualize prior year legislation	512	512	0	0	0	0.0
Total FY 2025-26	\$137,713	\$48,540	\$0	\$25,146	\$64,027	0.0
Changes from FY 2024-25	\$512	\$512	\$0	\$0	\$0	0.0
Percentage Change	0.4%	1.1%	n/a	0.0%	0.0%	n/a
FY 2025-26 Executive Request	\$137,713	\$48,540	\$0	\$25,146	\$64,027	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

## (2) Local Government Services

### Conservation Trust Fund Disbursements

This line item reflects lottery proceeds anticipated to be transferred to the Conservation Trust Fund each fiscal year. Lottery proceeds (after payment of lottery-related administrative expenses, prizes, and operating reserves) are distributed pursuant to Article XXVII, Section 3 of the State Constitution as follows:

- 40.0 percent to the Conservation Trust Fund in the Department of Local Affairs “for distribution to municipalities and counties and other eligible entities for parks, recreation, and open space purposes”;
- 10.0 percent to Colorado Parks and Wildlife for the acquisition, development, and improvement of new and existing state parks, recreation areas, and recreational trails; and
- 50.0 percent to Great Outdoors Colorado (GOCO) up to the constitutional cap (\$81.8 million in FY 2023-24), where proceeds in excess of the cap are transferred to the Outdoor Equity Fund, Public School Capital Construction Assistance Fund (also known as Building Excellent Schools Today), Wildlife Cash Fund, and Parks and Outdoor Recreation Cash Fund pursuant to Section 44-40-112 (12)(b), C.R.S.

Money in the Conservation Trust Fund is not subject to the Taxpayer Bill of Rights (TABOR) cap and is continuously appropriated for the purposes of the distributions specified above. The line item is included in the Long Bill for informational purposes only.

Money in the Conservation Trust Fund is primarily distributed based on population. Funds may be used for acquiring and developing land or water for parks, open space, historic, recreation, scenic, aesthetic, or similar purposes. Money may also be used for maintenance of recreational facilities. In addition, the Division may utilize the fund to recover its direct and indirect costs related to distributing money in the fund.

*Statutory authority:* Section 3 (1) of Article XXVII [lottery proceeds are continuously appropriated] and Section 3 (1)(b)(I) of Article XXVII of the State Constitution; Sections 33-60-104 (1)(a) [transfer from the Lottery Fund to the Conservation Trust Fund]; 24-77-102 (17)(b)(IX) [money in the Conservation Trust Fund not subject to TABOR]; and 29-21-101 (2) et seq. [distribution and use of money in the Conservation Trust Fund], C.R.S.

*Request/Recommendation:* The table below shows the request and recommendation. The figures differ slightly due to updates to the annualization of prior year salary survey and step pay that are included in the staff recommendation.

Division of Local Government, Local Government and Community Services, Conservation Trust Fund Disbursements						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$58,008,861	\$0	\$58,008,861	\$0	\$0	1.0
<b>Total FY 2024-25</b>	<b>\$58,008,861</b>	<b>\$0</b>	<b>\$58,008,861</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$58,008,861	\$0	\$58,008,861	\$0	\$0	1.0
Annualize prior year budget actions	7,396	0	7,396	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$58,016,257</b>	<b>\$0</b>	<b>\$58,016,257</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
Changes from FY 2024-25	\$7,396	\$0	\$7,396	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	0.0%

Division of Local Government, Local Government and Community Services, Conservation Trust Fund  
Disbursements

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Executive Request	\$58,017,716	\$0	\$58,017,716	\$0	\$0	1.0
Staff Rec. Above/-Below Request	-\$1,459	\$0	-\$1,459	\$0	\$0	0.0

## Volunteer Firefighter Retirement Plans

This line item reflects the State’s contribution to local volunteer firefighter retirement plans.

Eligible entities include:

- Municipalities with a population under 100,000 that maintain a regularly organized volunteer fire department and that offer fire protection services;
- fire protection districts having volunteers and offering fire protection services;
- county improvement districts having volunteer fire department members and offering fire protection services; and
- counties contributing to a volunteer pension fund at one of the above.

Eligible entities must have active, pension-eligible volunteer firefighters and have contributed tax revenue to the pension fund in the year prior to that in which the distribution is made.

Municipalities with populations of less than 100,000 may levy a tax of not more than one mill (one percent) on the taxable property within the municipality, county, or district to fund their individual volunteer firefighter pension funds.

The State payment to any municipality or district that is contributing an amount necessary to pay volunteer firefighter pension plans of \$300 or less per month must equal 90.0 percent of all amounts contributed by the locality in the previous year. The State payment to localities that contribute an amount necessary to pay pensions in excess of \$300 per month also must equal 90.0 percent of all amounts contributed by the locality in the previous year, as long as that 90.0 percent is less than the greater of (1) the contribution actuarially required to pay a pension of \$300 per month or (2) the highest actual contribution received by the municipality during the calendar years 1998, 1999, 2000, or 2001. The State has to contribute an amount equal to the greater of these two categories if such amount is less than 90.0 percent of municipal or special district contributions in the previous year. In each case, the State contribution cannot exceed an amount that is equal to a tax of one-half mill (one-half percent) on the total taxable property in the municipality or special district.

The Division conducts an application process in which volunteer firefighting agencies submit an actuarial review of their plans over the next 20 years. The Division uses these studies to determine how much assistance each locality receives. Due to the “greater of” language currently included in statute, any locality which submits a request will be funded at some level, regardless of whether its pension plan requires such funding to meet the \$300 per month pension. In recent years, the Division has distributed monies to 227 qualified pension plans, 91 of which distribute more than \$300 per month to eligible retirees.

This line item is supported by revenues from a two percent tax on the gross amount of all insurance premiums collected during the previous calendar year. These funds are exempt from

TABOR. The General Assembly has identified at least a portion of this appropriation as coming from the General Fund Exempt account in all but one year since FY 2005-2006.

This line item is continuously appropriated and is included in the Long Bill for informational purposes only.

*Statutory authority:* Sections 31-30-1112 (2) [State contribution]; and 10-3-209 [source of funding for State contribution], C.R.S.

*Request:* The Department requests a continuation of \$4,665,000 from the General Fund Exempt Account that is reflected in the Long Bill for informational purposes.

*Recommendation:* Staff recommendation is **pending**. Staff requests permission to use the amount included in whichever March 2025 General Fund revenue forecast the Committee chooses to adopt.

## Volunteer Firefighter Death and Disability Insurance

This line item reflects the State's contribution for local volunteer firefighter death and disability insurance. This amount is not subject to the TABOR limit, and is included in the Long Bill for informational purposes. This line item is supported by revenues from a two percent tax on the gross amount of all insurance premiums collected during the previous calendar year.

*Statutory authority:* Section 31-30-1112 (2)(h)(II), C.R.S.

*Request:* The Department's request reflects a continuation of the \$30,000 General Fund amount that is reflected in the Long Bill for informational purposes

*Recommendation:* Staff recommendation is **pending**. Staff requests permission to use the amount included in whichever March 2025 General Fund revenue forecast the Committee chooses to adopt.

## Firefighter Heart and Circulatory Malfunction Benefits

Senate Bill 14-172 requires municipalities, special districts, fire authorities, and county improvement districts employing one or more firefighters to provide benefits for heart and circulatory malfunctions for full-time firefighters as long as the state provides sufficient funding to cover the cost. The employer may purchase accident insurance, self-insure, or participate in a self-insurance pool or multi-employer health trust. The act specifies minimum and maximum benefits that must be provided, ranging from a lump sum payment of \$4,000 if an exam reveals a firefighter has a heart and circulatory malfunction to a maximum one-time payment of \$250,000. In order to receive benefits a firefighter must:

- Have had a recent medical examination that found no heart or circulatory malfunction present;
- be employed for at least five continuous years as a firefighter, except for a volunteer firefighter that must have five years of continuous service with the same employer; and
- have experienced the heart and circulatory malfunction within 48 hours of a stressful or strenuous work event.

The act created the Firefighter Benefits Cash Fund, which consists of money that is annually appropriated from the General Fund. Money in this fund is subject to annual appropriation to the Division for the purpose of reimbursing employers for the direct costs of maintaining insurance. The cash fund is established solely for the purpose of paying benefits, and not for the Division’s cost of administering the program.

The bill establishes that, should the funding provided for the required benefit be insufficient, the requirement shall become optional. The General Assembly could choose to eliminate the program at any time through defunding, in light of this provision.

*Statutory authority:* Section 29-5-302, C.R.S.

*Request:* The Department requests \$2,666,807, including \$1,427,754 General Fund and \$839,053 reappropriated funds. The General Fund request includes a \$250,000 increase for the animalization of H.B. 24-1219 (First Responder Employer Health Benefit Trust).

*Recommendation:* H.B. 24-1219 requires a \$200,000 General Fund increase for FY 2025-26, which is \$50,000 less than requested. The request also omitted the corresponding increase in reappropriated funds required to spend money out of the Firefighter Benefits Cash Fund. **Staff therefore recommends \$1,377,980 General Fund and \$1,339,053 reappropriated funds.** The recommendation also includes an FY 2024-25 Long Bill add-on for a previously approved interim supplemental for \$300,000 reappropriated funds related to H.B. 24-1219.

Division of Local Government, Local Government and Community Services, Firefighter Heart and Circulatory Malfunction Benefits						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$1,711,980	\$872,927	\$0	\$839,053	\$0	0.5
Other legislation	\$300,000	\$300,000	\$0	\$0	\$0	0.0
Long Bill supplemental	\$300,000	\$0	\$0	\$300,000	\$0	0.0
<b>Total FY 2024-25</b>	<b>\$2,311,980</b>	<b>\$1,172,927</b>	<b>\$0</b>	<b>\$1,139,053</b>	<b>\$0</b>	<b>0.5</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$2,311,980	\$1,172,927	\$0	\$1,139,053	\$0	0.5
Annualize prior year legislation	400,000	200,000	0	200,000	0	0.0
Annualize prior year budget actions	2,886	2,886	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$2,714,866</b>	<b>\$1,375,813</b>	<b>\$0</b>	<b>\$1,339,053</b>	<b>\$0</b>	<b>0.5</b>
Changes from FY 2024-25	\$402,886	\$202,886	\$0	\$200,000	\$0	0.0
Percentage Change	17.4%	17.3%	n/a	17.6%	n/a	0.0%
FY 2025-26 Executive Request	\$2,266,807	\$1,427,754	\$0	\$839,053	\$0	0.5
Staff Rec. Above/-Below Request	\$448,059	-\$51,941	\$0	\$500,000	\$0	0.0

## Local Utility Management Assistance

This program assists the Water Resources and Power Development Authority with implementing drinking water and wastewater treatment loans. The Division advises local governments with the mechanics of the loans and their potential eligibility, already having information and expertise with local government finance. The Division reviews about 50 loan applications per year and analyzes their economic feasibility. The Authority pays the Division for portions of the salaries of several employees who work on these loans (2.0 FTE total).

*Statutory authority:* Sections 37-95-107.6 (3) and 107.8 (3), C.R.S.

*Request:* The Department request is shown on the table below and includes prior year salary increases.

*The request and recommendation are shown below:*

Division of Local Government, Local Government and Community Services, Local Utility Management Assistance						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$202,403	\$0	\$202,403	\$0	\$0	2.0
<b>Total FY 2024-25</b>	<b>\$202,403</b>	<b>\$0</b>	<b>\$202,403</b>	<b>\$0</b>	<b>\$0</b>	<b>2.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$202,403	\$0	\$202,403	\$0	\$0	2.0
Annualize prior year budget actions	14,793	0	14,793	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$217,196</b>	<b>\$0</b>	<b>\$217,196</b>	<b>\$0</b>	<b>\$0</b>	<b>2.0</b>
Changes from FY 2024-25	\$14,793	\$0	\$14,793	\$0	\$0	0.0
Percentage Change	7.3%	n/a	7.3%	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$211,020	\$0	\$211,020	\$0	\$0	2.0
Staff Rec. Above/-Below Request	\$6,176	\$0	\$6,176	\$0	\$0	0.0

## Environmental Protection Agency Water/Sewer File Project

This line item reflects a federally funded project to determine eligibility and credit worthiness of local governments for Environmental Protection Agency (EPA) water and sewer loans. These funds are reflected in the Long Bill for informational purposes.

*Statutory authority:* Section 24-32-106 (1)(d)

*Request:* The Department request is shown on the table below and includes prior year salary increases.

*The request and recommendation are shown below:*

Division of Local Government, Local Government and Community Services, Environmental Protection  
Agency Water/Sewer File Project

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$263,828	\$0	\$0	\$0	\$263,828	0.5
<b>Total FY 2024-25</b>	<b>\$263,828</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$263,828</b>	<b>0.5</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$263,828	\$0	\$0	\$0	\$263,828	0.5
Annualize prior year budget actions	3,420	0	0	0	3,420	0.0
<b>Total FY 2025-26</b>	<b>\$267,248</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$267,248</b>	<b>0.5</b>
Changes from FY 2024-25	\$3,420	\$0	\$0	\$0	\$3,420	0.0
Percentage Change	1.3%	n/a	n/a	n/a	1.3%	0.0%
FY 2025-26 Executive Request	\$268,655	\$0	\$0	\$0	\$268,655	0.5
Staff Rec. Above/-Below Request	-\$1,407	\$0	\$0	\$0	-\$1,407	0.0

## Accessory Dwelling Unit Fee Reduction Encouragement Grant Program

House Bill 24-1152 (Accessory Dwelling Units) created the Accessory Dwelling Unit Fee Reduction and Encouragement Grant Program to provide grants for Accessory Dwelling Unit (ADU) supportive jurisdictions. The bill transferred \$5.0 million General Fund to the cash fund in FY 2023-24, subject to appropriation by the General Assembly.

Program grants are provided to support the construction of Accessory Dwelling Units, including:

- offsetting costs incurred developing pre-approved Accessory Dwelling Units plans;
- providing technical assistance for individuals converting or constructing Accessory Dwelling Units; and
- waiving, reducing, or providing financial assistance for associated fees and required costs of Accessory Dwelling Units.

The bill included an initial appropriation of \$537,246 from the cash fund and 4.9 FTE for administrative expenses, with grants beginning in FY 2025-26. The program repeals on December 31, 2030.

*Statutory authority:* Section 29-35-405, C.R.S.

*Request:* The Department requests \$2,275,397 cash funds from the Accessory Dwelling Unit Fee Reduction and Encouragement Grant Program Fund.

*Recommendation:* **Staff recommends approval of the request.**

Division of Local Government, Local Government and Community Services, ADU Fee Reduction  
Encouragement Grant Program

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
Other legislation	\$467,246	\$0	\$467,246	\$0	\$0	4.9
<b>Total FY 2024-25</b>	<b>\$467,246</b>	<b>\$0</b>	<b>\$467,246</b>	<b>\$0</b>	<b>\$0</b>	<b>4.9</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$467,246	\$0	\$467,246	\$0	\$0	4.9
Annualize prior year legislation	1,808,151	0	1,808,151	0	0	-0.2
<b>Total FY 2025-26</b>	<b>\$2,275,397</b>	<b>\$0</b>	<b>\$2,275,397</b>	<b>\$0</b>	<b>\$0</b>	<b>4.7</b>
Changes from FY 2024-25	\$1,808,151	\$0	\$1,808,151	\$0	\$0	-0.2
Percentage Change	387.0%	n/a	387.0%	n/a	n/a	-4.1%
FY 2025-26 Executive Request	\$2,275,397	\$0	\$2,275,397	\$0	\$0	4.7
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

### (3) Community Services

#### Community Services Block Grant

This line item reflects the federal Community Services Block Grant (CSBG), distributed by the federal Department of Health and Human Services. The grant provides funding to local communities for services that address the causes of poverty, including employment assistance, education, affordable housing, emergency services, nutrition, counseling, health, transportation, elderly projects, summer youth recreation, and community development for recipients at or below 125.0 percent of federal poverty guidelines.<sup>17</sup> Colorado has 32 eligible entities that receive CSBG funds annually, where funds are distributed based on a formula established by the federal Department of Health and Human Services. Eligible entities include qualified locally based nonprofit anti-poverty agencies, which provide services to low income individuals and families. 90.0 percent of the funds are allocated to grantees, 5.0 percent is available for administration, and 5.0 percent is reserved for the Governor’s discretion.

In order for the State to be eligible to receive federal money under the CSBG grant program, it is required to hold at least one public hearing every three years in conjunction with the development of the approved state plan. The most recent public hearing was held in July, 2024, in conjunction with the federal fiscal year 2024-25 CSBG state plan.

*Statutory authority:* Section 24-32-106 (1)(d), C.R.S.

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<sup>17</sup> The federal Department of Health and Human Services [2025 Federal Poverty Guidelines](#) is \$15,650 for a one-person household.



*Request:* The Department requests a continuation of the informational appropriation of \$6,475,029 federal funds.

*Recommendation:* **Staff recommends approval of the request.**

## Mobile Veterans Support Unit Grant Program [Discontinued Line Item]

Senate Bill 21-032 (Mobile Veterans-support Unit Grant Program) created the Mobile Veterans-Support Unit Grant Program to provide funding to a veteran-owned organization. Grants were required to include funding for two years, and support two staff members and the purchase of a vehicle to distribute supplies or to transport rural or homeless veterans without access to other transportation. By October 15, 2021, the Department was required to adopt policies for the program, publicize selection criteria for grants, and establish timelines for applications and reporting. The Division was required to accept applications beginning December 1, 2021, and award grants no later than January 21, 2022. By March 21, 2024, the Department was required to submit a request to the General Assembly to continue the grant program, and the program was repealed on January 1, 2025.

*Statutory authority:* Section 24-32-118.5, C.R.S.

*Request:* The Department did not request any funding for this line item.

*Recommendation:* **Staff recommends approval of the request.**

## Disaster Resilience Rebuilding Program

Senate Bill 22-206 (Disaster Preparedness and Recovery Resources) created the Disaster Resilience Rebuilding Program to provide loans and grants to eligible applicants to rebuild their community after a declared disaster. Loans and grants may be used to subsidize the costs to repair a homeowner's primary residence, repair or reconstruct housing stock, provide rental assistance for displaced renters, provide operating capital to a business experiencing an interruption or to cover the costs of replacing or repairing the business's property, rebuild neighborhoods, or otherwise reimburse a government entity for the costs associated with a declared disaster. The Division is required to establish policies for the program and may contract with a third-party administrator. The bill transferred \$15.0 million from the General Fund into the newly created and continuously appropriated Disaster Resilience Rebuilding Program Fund, managed by the Colorado Energy Office in consultation with the Division. In FY 2024-25, the Division received \$232,042 General Fund and 3.1 FTE for the program. The Division, the Department, and the Colorado Energy Office (CEO) are required to collaborate on the implementation of the program.

*Statutory authority:* Section 24-38.5-115 (8), C.R.S.

*The request and recommendation are shown below:*

**Division of Local Government, Local Government and Community Services, Disaster Resilience Rebuilding Program**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$232,042	\$232,042	\$0	\$0	\$0	3.1
<b>Total FY 2024-25</b>	<b>\$232,042</b>	<b>\$232,042</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>3.1</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$232,042	\$232,042	\$0	\$0	\$0	3.1
Annualize prior year budget actions	17,896	17,896	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$249,938</b>	<b>\$249,938</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>3.1</b>
Changes from FY 2024-25	\$17,896	\$17,896	\$0	\$0	\$0	0.0
Percentage Change	7.7%	7.7%	n/a	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$259,493	\$259,493	\$0	\$0	\$0	3.1
Staff Rec. Above/-Below Request	-\$9,555	-\$9,555	\$0	\$0	\$0	0.0

## (B) Field Services

### Program Costs

This line funds salaries and associated Medicare and PERA contributions, as well as contractual services, for approximately half of the technical assistance and grants management FTE in the Division (the remaining half are in the Administration, Personal Services line item). It also includes associated operating expenses.

Responsibilities are described below.

- Field staff provide education and customized assistance for local governments on issues such as budget review, property tax limitations, TABOR, water and sewer financing, election rules, land use planning, and application for federal and state grant funds. Staff is responsible for working with the local governments in their region. Field staff have typically worked as city and county managers prior to employment with the Department and are thus well positioned to advise local governments.
- Field Service staff review grant applications for the Mineral Impact Program, authorize smaller grants, and manage grant disbursements. In FY 2017-18, the General Assembly approved a request to add 1.0 FTE for a field representative position in Grand Junction assist local communities in responding to the economic impact of energy transformation in western parts of the state, as well as in other rural areas.
- The Community Development Office, which operates in this section, is comprised of staff who focus on providing technical assistance to local governments in land-use planning, economic development, and sustainable and resilient community development. The Office is responsible advising the Governor, the General Assembly, and local governments on growth

issues, and providing technical assistance to communities dealing with economic and population growth and decline.

- The Community Development Office is also responsible for a local economic development initiative known as the Main Street Program. The Main Street Program supports downtown revitalization through asset-based economic development and historic preservation. In addition to funding for 2.0 FTE, this program is supported by \$462,500 reappropriated funds (from energy impact funds) for consulting services for local communities (this funding was added in FY 2015-16 in response to a Department budget request). The Office may also use other existing resources to provide scholarships and non-competitive mini-grants to Main Street communities.

*Statutory authority:* Sections 24-32-104 and 106 [functions of the Division of Local Government and duties of the Division Director]; 24-32-303 [authority and responsibility of the Division of Commerce and Development]; and 24-32-803 [duties of the Office of Rural Development], C.R.S.

*Request:* The Department request is shown below and includes prior year salary increases.

*Recommendation:* **Staff recommendation is shown below.** The request and recommendation differ due to updates to the annualization of prior year salary survey and step pay that are included in the staff recommendation.

Division of Local Government, Field Services, Program Costs						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$3,720,386	\$371,847	\$124,989	\$2,814,879	\$408,671	32.6
<b>Total FY 2024-25</b>	<b>\$3,720,386</b>	<b>\$371,847</b>	<b>\$124,989</b>	<b>\$2,814,879</b>	<b>\$408,671</b>	<b>32.6</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$3,720,386	\$371,847	\$124,989	\$2,814,879	\$408,671	32.6
Annualize prior year budget actions	164,205	17,896	7,396	109,508	29,405	0.0
<b>Total FY 2025-26</b>	<b>\$3,884,591</b>	<b>\$389,743</b>	<b>\$132,385</b>	<b>\$2,924,387</b>	<b>\$438,076</b>	<b>32.6</b>
Changes from FY 2024-25	\$164,205	\$17,896	\$7,396	\$109,508	\$29,405	0.0
Percentage Change	4.4%	4.8%	5.9%	3.9%	7.2%	0.0%
FY 2025-26 Executive Request	\$3,922,007	\$386,530	\$129,297	\$2,977,142	\$429,038	32.6
Staff Rec. Above/-Below Request	-\$37,416	\$3,213	\$3,088	-\$52,755	\$9,038	0.0

## Community Development Block Grant

This line item reflects the federal Community Development Block Grant (CDBG), distributed by the federal Department of Housing and Urban Development. The CDBG provides funding to local communities for housing, public facility, and business assistance projects that benefit primarily low- to moderate-income households through community development efforts. The

federal agency distributes funds to each state based on a statutory formula that takes into account total population, poverty, incidence of overcrowded housing, and age of housing.

The Division administers the funds for smaller, “non-entitlement” communities. Non-entitlement areas are cities with populations of less than 50,000, and counties with populations of less than 200,000. Large counties and metropolitan areas receive their funding directly on an entitlement basis. These funds are divided in thirds for the following purposes:

- To make discretionary loans to local businesses to promote rural development. Administration of the business development program is coordinated between Division field staff and the Governor’s Office of Economic Development and International Trade.
- To provide discretionary grants to local governments for local infrastructure development such as roads, water treatment facilities, and public buildings.
- To provide discretionary grants for affordable housing development. This portion of CDBG funds is shown as part of the Affordable Housing Grants and Loans line item in the Division of Housing section of the Long Bill.

*Statutory authority:* Section 24-32-106 (1)(d), C.R.S.

*Request:* The Department requests a continuation of \$8,820,748 federal funds.

*Recommendation:* **Staff recommends approving the request.** The amount in this line item is included in the Long Bill for informational purposes, and it is intended to reflect the portion of federal block grant funding that is not used for Department administrative functions, and that is available for purposes other than affordable housing.

## Local Government Mineral and Energy Impact Grants and Disbursements

The Energy/Mineral Impact Assistance Fund (EIAF) grant program is intended to assist communities that are impacted by the growth and decline of the mineral and energy industries. The Local Government Severance Tax Fund and the Local Government Mineral Impact Fund serve as revenue sources for the program.

Fifty percent of total gross receipts realized from the *state severance taxes* imposed on five types of extracted minerals and mineral fuels, including oil and natural gas, coal, metallic minerals, molybdenum ore, and oil shale, are deposited in the Local Government Severance Tax Fund on a monthly basis. The tax applies for resources that are removed from both privately and publicly owned lands; however, the severance tax is not paid when resources are removed from Tribal lands. Forty percent of the State's share of private sector payments to the federal government for mineral and mineral fuel production on federal lands (referred to as *federal mineral lease revenues*) is deposited to the Local Government Mineral Impact Fund on a quarterly basis.

By statute, a portion of each program's funding is distributed directly back to the local jurisdictions based on the reported residence of mineral production employees, mining and well permits, and mineral production:

- 30 percent of severance tax revenues; and

- 50 percent of federal mineral lease revenues.

The remaining portion of these funds is distributed through **discretionary grants** to local jurisdictions.

In administering the grant program, the Department is assisted by the nine-member Energy and Mineral Impact Assistance Advisory Committee. Final funding decisions are made by the Executive Director of the Department. Entities eligible to receive grants and loans include municipalities, counties, school districts, special districts and other political subdivisions, and state agencies for the planning, construction, and maintenance of public facilities and public services. Priority is given to schools and local governments socially or economically impacted by the mineral extraction industry on federal lands.

The interpretation by the executive branch is that these funds are *continuously appropriated*. The statutory language governing the funds predates the standardized usage by the General Assembly of the term "continuously appropriated." However, there is language saying that the money "shall be distributed" by the Department. The General Assembly has never challenged the interpretation.

The amount of funding available fluctuates with changes in production, commodity prices, severance tax revenues, and periodic transfers to or from the General Fund. The Division adjusts the funding available for grant cycles based on changes in projected revenues. The Division also maintains a reserve balance that can be utilized for grants when revenues decline significantly. In the event of a significant spike in revenues, the Division may allocate a portion of available funding in response to specific local demand such as the Broadband Grant Program or the Renewable and Clean Energy Initiative.

The amount that is included in the Long Bill for this line item differs significantly from actual annual expenditures. This is due to forecast errors, but is also because a significant portion of annual expenditures relate to grant awards from previous fiscal years.

*Statutory authority:* Sections 39-29-108 (2)(b) [allocation of severance tax revenues to Local Government Severance Tax Fund]; 39-29-110 (1)(b) and (c) [Local Government Severance Tax Fund allocations for grants and distributions]; 34-63-102 (5)(a) and (5.4)(b) [Mineral Leasing Fund allocation to Local Government Mineral Impact Fund], C.R.S.

*Request:* The Department requests a continuation of \$90.0 million cash funds reflected in the Long Bill for informational purposes.

*Recommendation:* **Staff recommends approval of the request.** Additional details related to the Department's EIAF grants can be found in the discussion of R5 earlier in this document.

## Local Government Permanent Fund

Fifty percent of the state's share of all bonus payments from federal mineral leases is deposited to the Local Government Permanent Fund. If, during the December forecast, projected revenues into the mineral leasing fund decrease by 10.0 percent or more from the previous fiscal year, the General Assembly may appropriate funds from the Local Government Permanent Fund to the Division to enhance federal mineral leasing funds. The December 2024

Legislative Council Staff forecast expects FML revenue to increase from FY 2024-25 to FY 2025-26.

*Statutory authority:* Section 34-63-102 (5.3)(a)(I)(B), C.R.S.

*Request:* The Department did not request an appropriation from this fund.

*Recommendation:* **Staff recommends approval of the request.**

## Local Government Limited Gaming Impact Grants

Historically, the Local Government Limited Gaming Impact Fund received \$5,000,000 of the 50 percent “state share” of limited gaming revenue. Two percent of this amount (\$100,000) was set aside for gambling addiction counseling under the authority of the Department of Human Services and the remaining 98 percent (\$4,900,000) was used to provide financial assistance to designated local governments for documented gaming impacts.

Pursuant to S.B. 18-191 (Local Government Limited Gaming Impact Fund), the portion of the state share of gaming revenues that is transferred to the Local Government Limited Gaming Impact Fund increases proportionally when the state share increases. If the state share does not increase, the transfer remains the same as the prior year. In addition, the State Treasurer is required to transfer an additional amount at the beginning of the fiscal year equal to the DOLA’s projected direct and indirect costs of administering the Local Government Limited Gaming Impact Grant Program; any unspent money from this transfer reverts to the Local Government Limited Gaming Impact Fund.

The money available for grants is distributed under the authority of the Executive Director of DOLA to eligible local governmental entities upon their application for grants to finance planning, construction, and maintenance of public facilities and the provision of public services related to the documented gaming impacts resulting from limited gaming permitted in Gilpin and Teller counties and on Indian lands. Statute specifies that, at the end of any fiscal year, all unexpended and unencumbered moneys in the Limited Gaming Impact Account remain available for expenditure without further appropriation by the General Assembly.

*Statutory authority:* Sections 44-30-1301 (1)(a) [Local Government Limited Gaming Impact Fund and the Limited Gaming Impact Account]; 44-30-701 (2)(a)(III) [allocation from the Limited Gaming Fund], C.R.S.

*Request:* The Department requests a continuation of \$6,050,111 cash funds from the Local Government Limited Gaming Impact Fund shown in the Long Bill for informational purposes only.

*Recommendation:* **Staff recommends approval of the request.**

## Local Government Geothermal Energy Impact Grants

Senate Bill 10-174 created the Geothermal Resource Leasing Fund in response to 2007 regulations by the federal Department of the Interior that were designed to promote geothermal energy development on public lands.

Pursuant to federal regulations, geothermal lease revenue from sales, bonuses, royalties, leases, and rentals is distributed 50.0 percent to the states and 25.0 percent to local counties. Counties in which there are geothermal leases receive a direct federal distribution for their share of revenue. The State's share is transferred to the State Treasurer's Office for deposit to the Geothermal Resource Leasing Fund. The Fund is available for appropriation to the Department for grants to state agencies, school districts, and political subdivisions of the state affected by the development and production of geothermal resources.

*Statutory authority:* Section 34-63-105, C.R.S.

*Request:* The Department requests \$50,000 cash funds from the Geothermal Resource Leasing Fund, which is a continuation level of funding.

*Recommendation:* **Staff recommends approval of the request.**

## Rural Economic Development Initiative Grants

This program helps eligible rural communities develop plans and undertake projects to create jobs, drive capital investment, and increase wages to create more resilient and diverse local economies. This program was initially created in FY 2013-14 when the General Assembly added \$3.0 million for this purpose through the Long Bill in response to threatened prison closures in rural areas. Although no prisons closed at that time, the funds were still used to promote local economic resiliency.

Funding of \$750,000 General Fund was again added by the General Assembly in FY 2015-16 through a Long Bill amendment, and this funding has been continued annually. Prior to S.B. 20-002 (Rural Economic Development Initiative Grant Program), there was no separate statutory authority for this program. The bill specifies criteria that the Department is required to consider when evaluating grant applications and requires prioritization of applications that would create new jobs. It also specifies the types of projects for which REDI grants may be awarded, requires grant recipients to provide matching funds, and directs DOLA to administer the program in consultation with the Colorado Office of Economic Development. S.B. 21-204 (Rural Economic Development Initiative Grant Funding) provided a one-time appropriation of \$5.0 million General Fund to the program in FY 2021-22, in addition to the \$780,000 provided in the Long Bill.

Statute specifies that all unexpended and unencumbered moneys appropriated for the program in a given year remain available for expenditure in the next fiscal year without further appropriation. The program has historically granted out the entire appropriation each year.

*Statutory authority:* Section 24-32-128, C.R.S.

*Request:* The Department requests \$780,000 General Fund, which is a continuation level of funding.

*Recommendation:* **Staff recommends approval of the request.**



## Gray and Black Market Marijuana Enforcement Grant Program

The Gray and Black Market Marijuana Enforcement Grant Program provides funding to local law enforcement agencies and district attorneys to cover costs associated with the investigation and prosecution of unlicensed and illegal marijuana cultivation or distribution operations pursuant to H.B. 17-1221 (Grey and Black Market Marijuana Enforcement Efforts). The Division is required to prioritize grants to provide necessary financial assistance to local law enforcement agencies and district attorneys in rural areas<sup>18</sup> and to support the investigation and prosecution of unlicensed and illegal operations that are large-scale, involve organized crime, or divert marijuana outside of Colorado.

The Program is supported by annual appropriations from the Marijuana Tax Cash Fund (MTCF). Any unexpended and unencumbered money from an appropriation remains available for expenditure by the Division over the next fiscal year without further appropriation. The program received an annual appropriation of approximately \$6.0 million from FY 2017-18 to FY 2019-20, before being reduced to just under \$1.0 million in FY 2020-21 and later years.

In response to an initially low level of demand, the Department worked with the State Controller’s Office to change the method of financial assistance from a reimbursement model to a formula-based distribution model during FY 2018-19. Under the new model, local governments interested in receiving funds from the Grant Program opt-in to receive funding, and then later provide the Department with information on how the funding was utilized for the investigation and prosecution of unlicensed marijuana. Unspent funds will be utilized for future grant recipients or returned to the MTCF at the end of the year.

*Statutory authority:* Section 24-32-119, C.R.S.

*Request:* The Department’s November request included an appropriation of \$976,679 from the Marijuana Tax Cash Fund for this program. The Governor’s January 2<sup>nd</sup> budget letter expressed support for eliminating the program entirely.

***Recommendation:* Staff recommends eliminating funding for new grants but providing an appropriation of \$175,100 MTCF for administrative costs to oversee 38 open contracts that were awarded funds from the FY 2024-25 appropriation.** A detailed discussion of the program is included earlier in this section.

Division of Local Government, Field Services, Gray and Black Market Marijuana Enforcement Grant Program						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
HB 24-1430 (Long Bill)	\$970,217	\$0	\$970,217	\$0	\$0	1.5

<sup>18</sup> A rural area is defined as a county with a population of less than 200,000 people or a municipality with a population of less than 30,000 people that is located 10 miles or more from a municipality with a population of more than 50,000 people.



Division of Local Government, Field Services, Gray and Black Market Marijuana Enforcement Grant Program

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total FY 2024-25	\$970,217	\$0	\$970,217	\$0	\$0	1.5
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$970,217	\$0	\$970,217	\$0	\$0	1.5
Annualize prior year budget actions	0	0	0	0	0	0.0
SI Gray and Black Market Marijuana Grant Program reduction	-795,117	0	-795,117	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$175,100</b>	<b>\$0</b>	<b>\$175,100</b>	<b>\$0</b>	<b>\$0</b>	<b>1.5</b>
Change from FY 2024-25	-\$795,117	\$0	-\$795,117	\$0	\$0	0.0
Percentage Change	-82.0%	n/a	-82.0%	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$976,679	\$0	\$976,679	\$0	\$0	1.5
Staff Rec. Above/-Below Request	-\$801,579	\$0	-\$801,579	\$0	\$0	0.0

### Appropriation to the Targeted Crime Reduction Grant Program Cash Fund and House Bill 17-1326 Crime Prevention Initiative Grants

House Bill 17-1326 (Justice Reinvestment Crime Prevention Initiative) established a grant program and a small business loan program designed to reduce crime and promote community development in the target communities of north Aurora and southeast Colorado Springs. The act included an appropriation clause that reduced General Fund appropriations to the Department of Corrections for FY 2017-18 by a total of \$5.9 million General Fund based on the projected impact of various changes to parole and appropriated the same amount of General Fund to the Department of Local Affairs for several purposes. The program was expanded to Grand Junction and Trinidad by H.B. 21-1215 (Expansion of Justice Crime Prevention Initiative), which also provided a one-time transfer of \$3.5 million into an expansion account. House Bill 23-1299 (Justine Reinvestment Crime Prevention Initiative) transferred unspent funds from the expansion account to the Targeted Crime Reduction Grant Program Cash Fund and converted the fund from continuously appropriated to annually appropriated.

The grant program makes awards to organizations in the target communities of North Aurora, southeast Colorado Springs, Grand Junction, and Trinidad that focus on recidivism reduction, substance use, safety for homeless persons, trafficking prevention, and addressing systemic causes of disparities. Geographic diversity, makeup of the organization (i.e. minority led), and diversity of persons served are all considered in grant criteria. As of FY 2024-25, the \$3.0 million annual Long Bill appropriation is being split among four target communities as opposed to the original two. The program is required to submit an annual report to the Joint Judiciary Committees; this report contains information on grantees and program outcomes.

General Fund appropriations to the Division’s Field Services, Program Costs line item and to centrally appropriated line items support 1.0 FTE to oversee both the grant and loan programs. The loan program is no longer receiving new appropriations due to underutilization, but continues to operate with the goal of expending funds that were previously appropriated until

the program is repealed. The grant and loan programs are scheduled to repeal on September 1, 2027 following a sunset review.

*Statutory authority:* Section 24-32-120, C.R.S.

*Request:* The Department requests a \$3.0 million General Fund appropriation into the Targeted Crime Reduction Grant Program Cash Fund and a corresponding \$3.0 million reappropriation from the fund, which is a continuation level of funding.

*Recommendation:* **Staff recommends approval of the request.**

## Peace Officers Mental Health Support Grant Program and Appropriation to the Peace Officers Mental Health Support Fund

The Peace Officers Behavioral Health Support and Community Partnerships Grant Program, commonly referred to as the Peace Officers Mental Health (POMH) program, provides grants to law enforcement agencies, peace officer organizations, and public safety agencies that employ peace officers for the following purposes:

- Co-responder community responses;
- Community-based alternative responses;
- Counseling services for peace officers and their immediate family members;
- Assistance for development and implementation of policies to support peace officers who are involved in shootings or fatal use of force;
- Training and education programs that teach peace officers and their immediate family members the symptoms of job-related mental trauma and how to prevent and treat such trauma;
- Peer support programs for peace officers; and
- Hiring, contracting, or developing a remote network to provide behavioral health counseling, therapy or other related support services to peace officers involved in job-related traumatic situations.

Behavioral health or community-based social services providers are eligible to apply in partnership with law enforcement or public safety agencies that employ peace officers for the purposes of co-responder community responses and community-based alternative responses.

The POMH program was created by H.B. 17-1215 (Mental Health Support for Peace Officers) but did not receive its first appropriation until the FY 2018-19 Long Bill. The first iteration of the program allowed only county sheriffs' offices and municipal police departments to receive grants. The allowable applicants and permissible uses were expanded by H.B. 19-1244 (Expand Peace Officer Mental Health Support Program), H.B. 21-1030 (Expanding Peace Officers Mental Health Grant Program), and S.B. 22-005 (Law Enforcement Agency Peace Officer Services). The latter two bills also provided additional one-time funding. A history of appropriations for the POMH program is shown below.

POMH Appropriations History			
	Long Bill	Other Bill	Total
FY 2018-19	\$2,000,000		\$2,000,000

POMH Appropriations History			
	Long Bill	Other Bill	Total
FY 2019-20	2,000,000		2,000,000
FY 2020-21	2,000,000		2,000,000
FY 2021-22	2,000,000	1,000,000	3,000,000
FY 2022-23	2,000,000	3,000,000	5,000,000
FY 2023-24	2,000,000		2,000,000
FY 2024-25	2,000,000		2,000,000
<b>Total</b>	<b>\$14,000,000</b>	<b>\$4,000,000</b>	<b>\$18,000,000</b>

The Department submitted, and the Committee approved, a supplemental request for a one-time transfer of \$3.1 million cash funds from the Peace Officers Behavioral Health Support and Community Partnership Fund to the General Fund in FY 2024-25. This amount was from appropriations made between FY 2018-19 and FY 2021-22 that expired and were restricted from being spent. Despite lower than anticipated usage in the program’s first few years of existence, demand has significantly outweighed available funding in recent years. The table below demonstrates that grant requests exceeded appropriations by \$11.2 million from FY 2021-22 through FY 2024-25.

POMH Recent Demand			
	Appropriated	Grant Requests	Difference
FY 2021-22	\$3,000,000	\$3,800,000	-\$800,000
FY 2022-23	5,000,000	6,200,000	-1,200,000
FY 2023-24	2,000,000	7,500,000	-5,500,000
FY 2024-25	2,000,000	5,700,000	-3,700,000
<b>Total</b>	<b>\$12,000,000</b>	<b>\$23,200,000</b>	<b>-\$11,200,000</b>

*Statutory authority:* Sections 24-32-3501, C.R.S.

*Request:* The Department requests a \$2,000,000 General Fund appropriation into the Peace Officers Mental Health Support Fund, and a \$2,005,836 and 1.0 FTE reappropriation out of this cash fund, which is a continuation level of funding.

*Recommendation:* **Staff recommends approval of the request.**

## Defense Counsel on First Appearance Grant Program

House Bill 18-1353 established the Defense Counsel on First Appearance Grant Program to provide grants to reimburse local governments, in part or in full, for costs associated with the provision of defense counsel to defendants at their first appearances in municipal courts. This line item provides funding for the Program, including related administrative expenses. The program was extended after Sunset Review in S.B. 23-072, with a repeal date of September 1, 2028.

*Statutory authority:* Sections 13-10-114.5 [requirement to provide legal representation] and 24-32-123 [Defense Counsel on First Appearance Grant Program], C.R.S.

*Request:* The Department initially requested \$1,113,093 General Fund but collaborated with staff on cutting the program further, as described in the discussion of R4 in this document.

**Recommendation: Staff recommends an appropriation of \$715,000 General Fund and 0.5 FTE in FY 2025-26, decreasing to \$315,000 in FY 2026-27 and ongoing, as described in the R4 discussion.**

Division of Local Government, Field Services, Defense Counsel on First Appearance Grant Program						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$1,500,425	\$1,500,425	\$0	\$0	\$0	0.5
<b>Total FY 2024-25</b>	<b>\$1,500,425</b>	<b>\$1,500,425</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.5</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$1,500,425	\$1,500,425	\$0	\$0	\$0	0.5
Annualize prior year budget actions	2,886	2,886	0	0	0	0.0
R4 Defense Counsel on First Appearance Grant Program Reduction	-788,311	-788,311	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$715,000</b>	<b>\$715,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.5</b>
Changes from FY 2024-25	-\$785,425	-\$785,425	\$0	\$0	\$0	0.0
Percentage Change	-52.3%	-52.3%	n/a	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$1,113,093	\$1,113,093	\$0	\$0	\$0	0.5
Staff Rec. Above/-Below Request	-\$398,093	-\$398,093	\$0	\$0	\$0	0.0

## Law Enforcement Community Services Grant Program

House Bill 18-1020 made changes to civil asset forfeiture reporting requirements and established two law enforcement grant programs:

- The *Law Enforcement Assistance Grant Program*, administered by the Department of Public Safety, reimburses local governments for revenue lost from the changes established under HB17-1313. Seizing agencies can apply for grants for up to the amount of revenue they would have received prior to the passage of HB 17-1313 (Civil forfeiture reform). These agencies may only use awarded grant funds for purposes permissible under federal equitable sharing guidelines, such as operations and investigations, training and education, equipment and supplies, joint law enforcement and public safety operations, and community-based programs. Beginning August 1, 2019, agencies must annually report how grant funds were used, and the Department of Public Safety must report annually to the General Assembly on this program beginning October 1, 2019.
- The *Law Enforcement Community Services (LECS) Grant Program*, administered by the Department of Local Affairs was created to provide funding to law enforcement entities, local governments, and community organizations to improve services to communities through community policing and outreach; drug intervention, prevention, treatment, and recovery; technology; training; and other community services. The act created an eleven-member Law Enforcement Community Services Grant Program Committee (which includes two legislators) to make recommendations to DOLA’s Executive Director concerning which grants should be approved.

This line item supports Law Enforcement Community Services Grant Program in the Division. This program is subject to available appropriations from the Law Enforcement Community Services Grant Program Fund, consisting of gifts, grants, or donations received by the Division for this program, 25.0 percent of the proceeds from personal property that is seized as part of a criminal investigation, and any other money that is appropriated to the fund by the General Assembly.

The Division was not required to implement this program until it received “sufficient funds”. Since its inception on July 1, 2018, the fund has collected \$1,594,286. The first LECS grant application cycle opened on January 1, 2025 and will close on March 1, 2025; \$1.0 million is available for grant awards in this round.

*Statutory authority:* Section 24-32-124, C.R.S.

*Request:* The Department requests \$1,166,752 cash funds from the Law Enforcement Community Services Grant Program Fund, including an increase of \$880,225 for the program’s inaugural grant cycle.

*Recommendation:* **Staff recommends \$1,169,412 cash funds** from the Law Enforcement Community Services Grant Program Fund, including an increase of \$880,225 for the program’s inaugural grant cycle.

Division of Local Government, Field Services, Law Enforcement Community Services Grant Program						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$281,791	\$0	\$281,791	\$0	\$0	1.0
<b>Total FY 2024-25</b>	<b>\$281,791</b>	<b>\$0</b>	<b>\$281,791</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$281,791	\$0	\$281,791	\$0	\$0	1.0
Annualize prior year legislation	880,225	0	880,225	0	0	0.0
Annualize prior year budget actions	7,396	0	7,396	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$1,169,412</b>	<b>\$0</b>	<b>\$1,169,412</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
Changes from FY 2024-25	\$887,621	\$0	\$887,621	\$0	\$0	0.0
Percentage Change	315.0%	n/a	315.0%	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$1,166,752	\$0	\$1,166,752	\$0	\$0	1.0
Staff Rec. Above/-Below Request	\$2,660	\$0	\$2,660	\$0	\$0	0.0

### Microgrids for Community Resilience Grant Program

This line item was created by H.B. 22-1013 (Microgrids for Community Resilience Grant Program) and provided \$3.5 million General Fund and 2.0 FTE for a grant program to be administered in collaboration with the Colorado Energy Office, with roll-forward authority through FY 2025-26 and a repeal date of September 1, 2026.

The program provides grants to cooperative electric associations or municipally owned utilities to finance the purchase of microgrid resources. To qualify, an applicant must serve an eligible rural community and demonstrate exposure to severe weather or natural disaster events that may cause interruptions to the electric grid. The microgrids work independent of the electric grid, increasing the community’s ability to avoid or remediate interruptions to the electric grid in the case of a severe weather or natural disaster event. All available grant funds have been awarded; the Long Bill appropriation is necessary to support program management, compliance, monitoring, payments, and project closeouts through the repeal date.

*Statutory authority:* Section 40-9.8-104, C.R.S.

*Request:* The Department requests \$150,051 General Fund and an associated 2.0 FTE; the request includes prior year salary increases.

*Recommendation:* **Staff recommends \$152,124 General Fund and 2.0 FTE.**

Division of Local Government, Field Services, Microgrids for Community Resilience Grant Program						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$140,578	\$140,578	\$0	\$0	\$0	2.0
<b>Total FY 2024-25</b>	<b>\$140,578</b>	<b>\$140,578</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>2.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$140,578	\$140,578	\$0	\$0	\$0	2.0
Annualize prior year budget actions	11,546	11,546	0	0	0	0.0
<b>Total FY 2025-26</b>	<b>\$152,124</b>	<b>\$152,124</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>2.0</b>
Changes from FY 2024-25	\$11,546	\$11,546	\$0	\$0	\$0	0.0
Percentage Change	8.2%	8.2%	n/a	n/a	n/a	0.0%
FY 2025-26 Executive Request	\$150,051	\$150,051	\$0	\$0	\$0	2.0
Staff Rec. Above/-Below Request	\$2,073	\$2,073	\$0	\$0	\$0	0.0

## Public Defender and Prosecutor Behavioral Health Support Grant Program and Appropriation to the Public Defender and Prosecutor Behavioral Health Support Fund

These lines were created by S.B. 22-188 (Behavioral Health Support for Criminal Justice Advocates) for the Public Defender and Prosecutor Behavioral Health Support Program in the Division to provide funding to the Office of the State Public Defender (OSPD) and district attorney's offices. The Division is required to allocate half of total program appropriations and gifts, grants, and donations to the OSPD, and the other half to the Colorado District Attorneys' Council (CDAC), and these entities are required to administer grant funding and provide reports to the legislature following timelines established in the bill. The Division serves as a pass-through for funding appropriated to the program.

The OSPD annual report was presented to the Joint Judiciary Committees during SMART Act hearings. The report details how this program is used to provide counseling services (through direct service providers and reimbursement for out-of-pocket expenses), training, and education programs. The report indicates OSPD expended all of its available program funding. Staff was unable to locate CDAC’s report and did not receive any information on their program expenditures.

*Statutory authority:* Section 24-32-3502, C.R.S.

*Request:* The Department requests an appropriation \$500,000 General Fund into the Public Defender and Prosecutor Behavioral Health Support Fund and a corresponding \$500,000 reappropriation out of the fund, which is a continuation level of funding.

*Recommendation:* **Staff recommends approval of the request.**

## (C) Indirect Cost Assessments

This line reflects the amount of statewide and departmental indirect cost assessments within this division. Statewide indirect cost assessments are charged to cash and federal programs for statewide overhead costs (such as those generated by the Department of Personnel), and then the assessments are used in administrative divisions to offset General Fund appropriations. Departmental indirect cost assessments are charged to cash and federally funded programs for departmental overhead costs.

The funds are currently used to offset General Fund in the Executive Director's Office.

*Statutory authority:* Colorado Fiscal Rules #8-3; Section 24-75-1401, C.R.S. [Indirect Costs Excess Recovery Fund]

*Request:* The Department’s November request included \$628,731 total funds.

*Recommendation:* **Staff recommends \$658,465 total funds** to align with the Department’s updated indirect cost plan. [More information about the Department’s indirect cost plan is provided at the end of this packet.]

Division of Local Government, Indirect Cost Assessments, Indirect Cost Assessment						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
HB 24-1430 (Long Bill)	\$732,383	\$0	\$138,196	\$475,278	\$118,909	0.0
<b>Total FY 2024-25</b>	<b>\$732,383</b>	<b>\$0</b>	<b>\$138,196</b>	<b>\$475,278</b>	<b>\$118,909</b>	<b>0.0</b>
<b>FY 2025-26 Recommended Appropriation</b>						
FY 2024-25 Appropriation	\$732,383	\$0	\$138,196	\$475,278	\$118,909	0.0
Indirect cost assessment	-73,918	0	-25,847	-36,005	-12,066	0.0
<b>Total FY 2025-26</b>	<b>\$658,465</b>	<b>\$0</b>	<b>\$112,349</b>	<b>\$439,273</b>	<b>\$106,843</b>	<b>0.0</b>
Changes from FY 2024-25	-\$73,918	\$0	-\$25,847	-\$36,005	-\$12,066	0.0
Percentage Change	-10.1%	n/a	-18.7%	-7.6%	-10.1%	n/a



Division of Local Government, Indirect Cost Assessments, Indirect Cost Assessment						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Executive Request	\$628,731	\$0	\$111,941	\$415,684	\$101,106	0.0
Staff Rec. Above/-Below Request	\$29,734	\$0	\$408	\$23,589	\$5,737	0.0

## Discontinued Line Items Included in Numbers Pages

### Search and Rescue Program

The Search and Rescue Program reimburses political subdivisions for the costs incurred in search and rescue operations, and provides partial funding for search and rescue equipment. The cash fund that supports the program receives revenue from a statutory \$0.25 surcharge on hunting and fishing licenses, boat registrations, snowmobile registrations, and off-highway vehicle registrations. The program also receives funding from other outdoor recreational users, such as hikers, bikers, cross country skiers, and climbers who voluntarily purchase a Colorado Outdoor Recreation Search and Rescue Card. S.B. 22-168 (Backcountry Search and Rescue) transferred the program to the Division of Parks and Wildlife in the Department of Natural Resources.

*Statutory authority:* Section 33-1-112.5, C.R.S.

*Request:* The Department did not request funding in this line item.

*Recommendation:* **Staff recommends approval of the request.**

### Affordable Housing Development Incentives Grant Program

House Bill 21-1271 (Department of Local Affairs Innovative Affordable Housing Strategies) created the Affordable Housing Development Incentives Grant Program to offer grants to local governments that adopt at least three policy and regulatory tools from a menu of options enumerated in the bill that incentivize the development of affordable housing. The bill transferred \$9.3 million from the General Fund and \$30.0 million from the Affordable Housing and Home Ownership Cash Fund to the Colorado Heritage Communities Fund and made a corresponding FY 2021-22 appropriation to support the program. The Division is authorized to use up to four percent of the transfer to administer the program. The program is on track to fully expend the funds by June 30, 2025.

*Statutory authority:* Section 24-32-130 (2), C.R.S.

*Request:* The Department did not request funding in this line item.

*Recommendation:* **Staff recommends approval of the request.**

### Local Government Planning Grant Program

House Bill 21-1271 (Department of Local Affairs Innovative Affordable Housing Strategies) created the Local Government Planning Grant Program to provide grants to local governments



to assess housing needs or to make changes to local policies to become eligible for a Housing Development Incentives Grant. The Division is required to update model land use codes for local governments. The bill transferred \$2.1 million from the General Fund and \$5.0 million from the Affordable Housing and Home Ownership Cash Fund to the Colorado Heritage Communities Fund and made a corresponding FY 2021-22 appropriation to support the program. The Division of Local Government is authorized to use up to four percent of the transfer to administer the program.

*Statutory authority:* Sections 24-32-130 (5) [Local Government Planning Grant Program] and 24-32-3207 [Colorado Heritage Communities Fund], C.R.S.

*Request:* The Department did not request funding in this line item.

*Recommendation:* **Staff recommends approval of the request.**

## Small Community-Based Nonprofit Infrastructure Grant Program

This line item was created by H.B. 22-1356 (Small Community-based Nonprofit Grant Program) to provide grants to eligible recipients for infrastructure and capacity building. Eligible recipients are small community-based nonprofit organizations that have been impacted by the COVID-19 public health emergency. The program received one-time funding of \$35.0 million and 0.5 FTE from the Economic Recovery and Relief Cash Fund, originating from federal American Rescue Plan Act funds. \$33.3 million has been awarded, with \$0.5 million encumbered and \$1.2 million otherwise committed.

*Statutory authority:* Section 24-32-132, C.R.S.

*Request:* The Department did not request funding in this line item.

*Recommendation:* **Staff recommends approval of the request.**

## Interconnectivity Grant Program

House Bill 21-1289 (Funding for Broadband Deployment) created the Interconnectivity Grant Program with a \$5.0 million appropriation of State and Local Fiscal Recovery Funds (SLFRF) authorized by the American Rescue Plan Act (ARPA). Grants are awarded by the Division to localities for identifying broadband infrastructure needs and planning broadband deployment. \$4.6 million of the funds have been spent, with the remaining \$0.4 million encumbered.

*Statutory authority:* Section 24-32-104 (7)(a), C.R.S.

*Request:* The Department did not request funding in this line item.

*Recommendation:* **Staff recommends approval of the request.**

# Long Bill Footnotes

Staff recommends **continuing and modifying** the following footnote.

- 74 Department of Local Affairs, Executive Director's Office, Administration, Moffat Tunnel Improvement District -- It is the General Assembly's intent that the Department continue its current practice of retaining lease payment revenues in the Moffat Tunnel Cash Fund and suspending distribution payments to Improvement District counties because this practice ensures that funds remain available to cover any potential Improvement District Liabilities related to the Tunnel and any costs related to ~~studies or other actions that need to occur prior to the expiration of the~~ RENEGOTIATION of the lease with Union Pacific Railroad in 2025 in order to protect the interests of the Improvement District and the State.

**Comment:** This footnote was first included in the FY 2018-19 Long Bill. The Union Pacific lease was scheduled to expire in January 2025. As reflected in news reports, in December 2024, the State renegotiated the lease with Union Pacific for an additional 25 years, to support additional passenger rail options through the tunnel. The current agreement has been extended for four months, until May 2025, as the State and Union Pacific finalize terms. News reports have indicated that Union Pacific will access the tunnel in exchange for state access to Union Pacific tracks for passenger rail.<sup>19</sup>

Under current law, lease payment revenue from the property are to be distributed to the nine Improvement District counties (Adams, Boulder, Denver, Eagle, Gilpin, Grand, Jefferson, Moffat, and Routt) after the Department has set aside sufficient revenue for administrative costs. In light of the information provided in response to a 2017 request for information, the Committee added this footnote to express the General Assembly's intent that the Department continue its practice of retaining lease payment revenues in the Moffat Tunnel Cash Fund and suspending distribution payments to Improvement District counties. In response to staff questions, the Department states that this footnote remains appropriate until the State finalizes the new lease and can determine that all costs associated with the negotiations are covered.

Staff recommends **continuing** the following footnotes.

- 75 Department of Local Affairs, Division of Housing -- It is the General Assembly's intent that the Department target state General Fund appropriations for affordable housing to projects and clients that can be reasonably expected to reduce other State costs. It is the General Assembly's further intent that the Department prioritize State-funded rental assistance for the following populations: Medicaid clients who are transitioning from a nursing home or long-term care facility; clients transitioning from a State Mental Health Institute or a State-funded behavioral healthcare facility; and clients transitioning

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<sup>19</sup> <https://coloradonewslines.com/briefs/colorado-moffat-tunnel-lease/>

from the Department of Corrections, the Division of Youth Services in Department of Human Services, or a county jail.

**Comment:** This footnote expresses legislative intent, and was first included in the FY 2015-16 Long Bill. Further detail regarding types of clients to be targeted for rental assistance was included in the FY 2019-20 Long Bill.

77 Department of Local Affairs, Division of Housing, Community and Non-Profit Services, Community Services, Low Income Rental Subsidies; Field Services, Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S.; and Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice Systems -- It is the General Assembly's intent that the Department record expenditures for rental vouchers issued by the Division of Housing within the Low Income Rental Subsidies line item.

**Comment:** This footnote expresses legislative intent, and was first included in the FY 2019-20 Long Bill.

78 Department of Local Affairs, Division of Housing, Field Services, Affordable Housing Program Costs; Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S. -- It is the General Assembly's intent that appropriations for State administration of affordable housing construction grants and loans, including administration funding authorized pursuant to Section 24-32-721(3)(b), C.R.S., be expended in the Affordable Housing Program Costs line item.

**Comment:** This footnote expresses legislative intent, and was first included in the FY 2019-20 Long Bill.

79 Department of Local Affairs, Division of Local Government, Field Services, Program Costs -- It is the General Assembly's intent that \$462,500 of the reappropriated funds in this line item appropriation be used for the Colorado Main Street Program.

**Comment:** This footnote expresses legislative intent, and was first included in the FY 2019-20 Long Bill. The Department has confirmed that this footnote is still relevant.

Staff recommends **eliminating** the following footnote.

76 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 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.

**Comment:** This footnote was first included in the FY 2024-25 Long Bill. At the time, HCPF, DOLA, and OSPB all expressed concern that expanding voucher eligibility to those receiving HCBS-DD waivers (comprehensive waivers for people with developmental disabilities) might crowd out

the intended population, members on home- and community-based services supported living services waivers (HCBS-SLS) who are transitioning out of institutions. As noted in an email from the Governor's Office, "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." Since "intent" language is not binding and the Executive Branch has expressed opposition, staff does not believe there is value in retaining this footnote.

# Requests for Information

Staff recommends **eliminating** the following requests for information.

- 1 Department of Local Affairs, Division of Housing, Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S. -- The Department is requested to provide a report to the Joint Budget Committee by November 1, 2024, regarding the \$8.8 million General Fund portion of this appropriation that was previously funded by the Marijuana Tax Cash Fund. The report should include details about the usage of the funds and a discussion of whether other programs and/or funding streams (such as Proposition 123) could be used for those purposes instead if the \$8.8 million were to be reduced in the future.

**Comment:** The Department provided a thorough response, which may be accessed from the OSPB website under FY 2025-26 Budget Request, All Budget Documents, Agency Budget Submissions, (9) DOLA, (7) RFIs and Long Range Financial Plan: <https://www.colorado.gov/governor/office-state-planning-budgeting>

In FY 2024-25, the state cut \$15.3 million in Marijuana Tax Cash Funds first provided in FY 2017-18 for a variety of homeless response programs. The reduction was due to insufficient Marijuana Tax Cash Fund revenue, and the funding was partially replaced by \$8.8 million General Fund. The response noted that filling the \$6.5 million gap in funding due to the changes in FY 2024-25, “required DOLA/DOH to re-purpose other funding sources eligible for utilization in addressing homelessness including those made available through Proposition 123”. It further stated that “Currently, DOLA/DOH does not see viable alternatives [to continuing the remaining General Fund support] including but not limited to Proposition 123.” Although H.B. 23-1304 allows the Department to use Proposition 123 for this type of activity, “this would require cutting existing programs or halting new affordable housing development, a course of action that runs contrary to the intention of the voters”. The response notes that Proposition 123 prohibited supplanting existing appropriations for affordable housing. It notes that a loss of the full \$15.3 million over two years “would require significant modifications to existing commitments, the suspension or non-renewal of existing programs, and extensive stakeholder engagement.”

Staff does not believe this question needs to be asked a second time.

- 2 Department of Local Affairs, Division of Local Government, Field Services, Defense Counsel on First Appearance Grant Program -- The Department is requested to collaborate with interested stakeholders to provide by November 1, 2024, a report to the Joint Budget Committee concerning the Defense Counsel on First Appearance Grant Program in the Division of Local Government. The report should include, at a minimum:
  - an assessment of the program’s structure and suggested modifications to ensure interested municipalities are applying for and receiving funding;
  - a review of the application process and publicly available instructions/information with recommendations to increase ease of use;

- a summary of the Department's engagement with interested parties including non-profits and municipal representatives, and;
- usage of the program through FY 2023-24 including appropriations, awards by recipient, and reversions by year.

**Comment:** The Department provided a thorough response, which may accessed from the OSPB website under FY 2025-26 Budget Request, All Budget Documents, Agency Budget Submissions, (9) DOLA, (7) RFIs and Long Range Financial Plan: <https://www.colorado.gov/governor/office-state-planning-budgeting>. The response to the RFI is referenced as part of the R4 recommendation concerning reductions to the Defense Counsel on First Appearance Grant Program.

Staff does not believe this question needs to be asked a second time.

# Indirect Cost Assessment

## Description of Indirect Cost Assessment Methodology

The Department of Local Affairs' indirect cost assessment methodology is calculated based on three components: an “Indirect Cost Pool”, an “Indirect Cost Base”, and an “Indirect Cost Rate”. The Department’s plan is negotiated with the federal Department of Housing and Urban Development, which oversees most of the Department’s federal grants.

### Indirect Cost Pool

The Indirect Cost Pool is comprised of approved division level costs that provide support either to the entire department through the Executive Director’s Office (EDO) or to individual divisions through program and personal services lines. The Indirect Cost Pool is based on the most recently available actual costs, which results in a two-year lag time. For example, FY 2025-26 pool is based on actual expenditures in FY 2023-24. The pool also includes the Department’s allocation of statewide indirect costs, as well as fixed asset depreciation, leave costs, and indirect cost carry-forward adjustments.

### Indirect Cost Base

The Department uses eligible personal services costs to calculate the Indirect Cost Base, which is used in determining the proportional allocation of the Total Recoverable Indirect Cost Pool to divisions.

### Indirect Cost Rate

The Department calculates an Indirect Cost Rate for each division by dividing the Indirect Cost Pool by the Indirect Cost Base. The Indirect Cost Rate is multiplied by the projected salary and fringe benefits by funding source to determine the estimated indirect cost assessment for each division. Table 1 shows the estimated indirect cost assessment for FY 2025-26 for each division by fund source. The figures in this table are based on the Department’s updated indirect cost rates and its requested appropriations for FY 2025-26.

Table 1: Indirect Cost Assessments for FY 2025-26

Description	Total Funds	Cash Funds	Reapprop. Funds	Federal Funds
<b>State Demography Office</b>				
Conservation Trust Fund	\$14,284	\$11,997	\$0	\$2,287
<b>Subtotal - State Demography Office</b>	<b>\$14,284</b>	<b>\$11,997</b>	<b>\$0</b>	<b>\$2,287</b>
<b>Division of Property Taxation</b>				
Local Government Severance Tax Fund	\$9,699	\$0	\$9,699	\$0
Local Government Mineral Impact Fund	8,293	0	8,293	0
Property Tax Exemption Fund	79,053	79,053	0	0
Board of Assessment Appeals Cash Fund	17,954	17,954	0	0

Table 1: Indirect Cost Assessments for FY 2025-26

Description	Total Funds	Cash Funds	Reapprop. Funds	Federal Funds
<b>Subtotal - Property Taxation</b>	<b>\$114,999</b>	<b>\$97,007</b>	<b>\$17,992</b>	<b>\$0</b>
<b>Division of Housing</b>				
Local Government Severance Tax Fund	\$5,998	\$0	\$5,998	\$0
Local Government Mineral Impact Fund	4,797	0	4,797	0
MTCF (from Affordable Housing Construction Grants & Loans line)	0	0	0	0
General Fund (from Affordable Housing Construction Grants & Loans line)	126,724	0	126,724	0
Medicaid funds transferred from HCPF	25,542	0	25,542	0
Marijuana Tax Cash Fund	9,963	9,963	0	0
Building Regulation Fund	183,847	183,847	0	0
Private Activity Bond Allocations Fund	14,376	14,376	0	0
Mobile Home Park Dispute Resolution and Enforcement Fund	228,404	228,404	0	0
Housing Development Grant Fund (vendor fee transfer)	150,867	150,867	0	0
Transformational Housing Revolving Loan Fund	58,349	58,349	0	0
Mobile Home Park Resident Empowerment Program Fund	11,406	11,406	0	0
Affordable Housing Support Fund (Proposition 123)	413,350	413,350	0	0
Federal grants	440,359	0	0	440,359
<b>Subtotal - Housing</b>	<b>\$1,673,982</b>	<b>\$1,070,562</b>	<b>\$163,061</b>	<b>\$440,359</b>
<b>Division of Local Government</b>				
Local Government Severance Tax Fund	\$236,336	\$0	\$236,336	\$0
Local Government Mineral Impact Fund	188,313	0	188,313	0
Peace Officers Behavioral and Mental Health Support Grant Fund	14,624	0	14,624	0
Colorado Water Resources and Power Development Authority	27,553	27,553	0	0
Affordable Housing Support Fund (Proposition 123)	36,465	36,465	0	0
Conservation Trust Fund	20,938	20,938	0	0
Local Government Limited Gaming Impact Fund	15,690	15,690	0	0
Law Enforcement Community Services Grant Program Fund	11,703	11,703	0	0
Community Development Block Grant	55,208	0	0	55,208
Community Services Block Grant	25,462	0	0	25,462
Other Federal Funds	26,175	0	0	26,175
<b>Subtotal - Local Government</b>	<b>\$658,467</b>	<b>\$112,349</b>	<b>\$439,273</b>	<b>\$106,845</b>
<b>Total Indirect Cost Assessments</b>	<b>\$2,461,732</b>	<b>\$1,291,915</b>	<b>\$620,326</b>	<b>\$549,491</b>

## Use of Indirect Cost Collections to Reduce General Fund Appropriations

Indirect cost assessments are applied in certain line items to offset General Fund that would otherwise be required. For FY 2025-26, the use of total indirect costs will exceed the FY 2025-26 assessments reflected in Table 1 by \$44,472 in order to spend down the Indirect Costs Excess Recovery Fund. Staff recommends applying all of the indirect cost assessments within line items in the Executive Director’s Office. Staff recommendation for application of indirect costs in Table 2 is lower than the Department’s request due to slight differences in the request versus recommendation, which affects the Personal Services and Operating Expenses lines. The



Department can pause collection of indirect cost collections at any point in the year to rebalance collections with expenditures.

**Table 2: Application of Indirect Cost Recoveries**

	Request	Recommendation	Difference from Request
Personal Services	2,287,547	2,287,742	195
Operating Expenses	163,867	148,529	-15,338
Payments to OIT	54,790	54,790	0
<b>Total</b>	<b>\$2,506,204</b>	<b>\$2,491,061</b>	<b>-\$15,143</b>

# Additional Balancing Options

As part of staff budget briefings in November and December 2024, staff identified budget reduction options for each department that the JBC could consider in addition to or instead of the options presented in the budget request. **Items staff recommends and items that agencies have requested formally are addressed earlier in this packet.** Other items that could be considered, if needed to bring the budget into balance, are listed below.

A General Fund reduction of 5.0 percent to this Department would require a reduction of \$3.5 million. The staff recommendations included in this figure setting packet, if adopted by the JBC, provide budget reductions and revenue enhancements totaling \$21.1 million General Fund and \$800,000 MTCF. Options from the table below, if adopted, increase that amount.

The impact of reductions to items in the table below have not been fully researched by staff, nor have they been discussed with the Executive Branch. If the Committee is interested in reductions to any of these items, staff requests time to gather additional information and prepare a comeback.

Additional Options for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
<b>Revenue Enhancements</b>				
Additional severance tax transfer	\$2,000,000	-\$2,000,000	Y	See the R5 discussion in this document for additional details. This could be a one-time or ongoing option.
Transfer from Accessory Dwelling Unit Grant Program Fund to General Fund	500,000	-500,000	Y	H.B. 24-1152 transferred \$5.0 million for a grant program to encourage construction of ADUs through 2030. Most of the funds are unspent and could be transferred back to the General Fund.
<b>Subtotal - Revenue</b>	<b>\$2,500,000</b>	<b>-\$2,500,000</b>		
<b>Expenditure Reductions</b>				
Use more Prop 123 money for Ridge View	-\$1,000,000	\$1,000,000	N	The R1 Ridge View recommendation includes \$3.5 million General Fund and \$1.8 million from Prop 123 funds. Additional Prop 123 funds could be used in lieu of General Fund for Ridge View operating costs in FY 2025-26 or future years.
Rural Economic Development Initiative (REDI) Grants	-80,000	0	N	Cut the grant program by 10% ongoing.
Targeted Crime Reduction Grant Program	-300,000	0	N	Cut the grant program by 10% ongoing.
Peace Officers Behavioral Health Support and Community Partnership Grant Program	-200,000	0	N	Cut the grant program by 10% ongoing.
Public Defender and Prosecutor Behavioral Health Support Grant Program	-50,000	0	N	Cut the grant program by 10% ongoing.
Child Care Facility Development Grants	-250,000	0	Y	Eliminate this new grant program created by H.B. 24-1237 for an ongoing reduction.
<b>Subtotal - Expenditures</b>	<b>-\$1,880,000</b>	<b>\$0</b>		
<b>Net General Fund Relief</b>	<b>\$4,380,000</b>			

## Revenue Enhancements

### Additional severance tax transfer to the General Fund

*Description:* See the discussion of R5 in this document for a detailed discussion of DOLA's severance tax revenue and related programs.

### Transfer funds back from Accessory Dwelling Unit Fee Reduction Encouragement Grant Program

*Description:* H.B. 24-1152 provided a one-time transfer of \$5.0 million General Fund for this program to be spread over four years. A portion of the funds could be transferred back to the General Fund as a one-time balancing option.

## Expenditure Reductions

### Use more Proposition 123 money for Ridge View

The R1 Ridge View recommendation includes \$3.5 million General Fund and \$1.8 million cash funds from the Affordable Housing Support Fund, originating from Proposition 123 revenue. Additional Proposition 123 funds could be used in lieu of General Fund for Ridge View operating costs in FY 2025-26 or future years.

### Reduce or eliminate grant programs

DOLA has several discretionary grant programs that were not recommended for cuts in this document. Any of these grant programs could be reduced or eliminated for one-time or ongoing savings. Staff recommends statutory change to repeal grant programs that are eliminated completely. Summaries are provided below; additional details on each program are provided in the line item detail of this document.

- *Rural Economic Development Initiative (REDI) Grants* – Created through a FY 2013-14 Long Bill amendment and modified by S.B. 20-002 and S.B. 21-204. This initiative receives an annual appropriation of \$780,000 General Fund. Provides grants for rural communities to develop plans and undertake projects that create jobs, drive capital investment, and diversify their economies.
- *Targeted Crime Reduction Grant Program* – Created by H.B. 17-1326 and modified by H.B. 21-1215 and 23-1299. This program receives an annual appropriation of \$3.0 million General Fund. Provides grant funding for academic improvement programs, community-based services, community engagement programs, and projects to increase safety and usability of common outdoor spaces. Funding is available to organizations in the communities of North Aurora, Southeast Colorado Springs, Grand Junction, and Trinidad. This program is scheduled to sunset on September 1, 2027.
- *Peace Officers Behavioral Health Support and Community Partnership Grant Program* – Created by H.B. 17-1215 and modified by H.B. 21-1030 and S.B. 22-005, this program receives an annual appropriation of \$2.0 million General Fund. Provides funding for co-responder and community-based alternative responses, counseling services for peace

officers and their immediate families, peer support programs, and training, education, and counseling related to job-related trauma. Funding is available for law enforcement agencies and peace officer organizations; behavioral health or community-based social services providers can apply in partnership with the former.

- *Public Defender and Prosecutor Behavioral Health Support Program* – Created by S.B. 22-188. This program receives an annual appropriation of \$500,000 General Fund, which is entirely passed through to the Office of the State Public Defender and Colorado District Attorney’s Council. Provides grant funding for counseling services, training, education, and peer support programs for job-related trauma.
- *Child Care Facility Development Grants* – H.B. 24-1237 (Programs for the Development of Child Care Facilities) creates the Child Care Facility Development Cash Fund and three programs within the Division, in consultation with the Department of Early Childhood, with the goal of collaborating with local governments and partners to increase child care capacity. There are different deadlines for developing each program, the earliest of which was November 2024. The Child Care Facility Development Cash Fund received a \$250,000 General Fund transfer in the bill and a corresponding cash funds appropriation. The Legislative Council Staff Fiscal Note for H.B. 24-1237 assumes that \$250,000 will be transferred to the fund annually through the budget process from FY 2025-26 through FY 2027-28.

# Appendix A: Numbers Pages

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Numbers Pages**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
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**DEPARTMENT OF LOCAL AFFAIRS**  
**Maria De Cambra, Executive Director**

**(1) EXECUTIVE DIRECTOR'S OFFICE**

**(A) Administration**

Personal Services	<u>1,724,991</u>	<u>2,056,612</u>	<u>2,186,478</u>	<u>2,756,984</u>	<u>2,557,586</u> *
FTE	14.4	18.8	20.1	25.7	23.9
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	1,724,991	2,056,612	2,186,478	2,756,984	2,557,586
Federal Funds	0	0	0	0	0
Health, Life, and Dental	<u>1,633,030</u>	<u>2,888,228</u>	<u>3,174,283</u>	<u>3,770,281</u>	<u>3,770,280</u> *
General Fund	612,988	949,848	1,073,465	1,702,954	1,176,769
Cash Funds	425,066	607,025	730,309	743,349	617,520
Reappropriated Funds	594,976	676,707	820,705	595,543	1,289,825
Federal Funds	0	654,648	549,804	728,435	686,166
Short-term Disability	<u>17,346</u>	<u>25,872</u>	<u>28,497</u>	<u>13,849</u>	<u>13,849</u> *
General Fund	6,056	7,815	8,856	6,469	4,269
Cash Funds	3,887	4,644	6,389	2,315	2,240
Reappropriated Funds	7,403	7,255	8,325	2,745	4,850
Federal Funds	0	6,158	4,927	2,320	2,490

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
AED/SAED	0	0	<u>1,899,732</u>	<u>1,951,251</u>	<u>1,951,251</u> *
General Fund	0	0	590,386	924,183	609,920
Cash Funds	0	0	425,920	330,717	320,061
Reappropriated Funds	0	0	554,976	364,983	665,629
Federal Funds	0	0	328,450	331,368	355,641
 Paid Family Medical Leave Insurance	 0	 0	 <u>85,488</u>	 <u>87,806</u>	 <u>87,786</u> *
General Fund	0	0	26,567	41,588	27,446
Cash Funds	0	0	19,166	14,882	14,403
Reappropriated Funds	0	0	24,974	16,424	29,933
Federal Funds	0	0	14,781	14,912	16,004
 S.B. 04-257 Amortization Equalization					
Disbursement	<u>564,971</u>	<u>887,961</u>	0	0	0
General Fund	193,715	268,221	0	0	0
Cash Funds	123,297	159,397	0	0	0
Reappropriated Funds	247,959	249,010	0	0	0
Federal Funds	0	211,333	0	0	0
 S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>564,971</u>	<u>887,961</u>	0	0	0
General Fund	193,715	268,221	0	0	0
Cash Funds	123,297	159,397	0	0	0
Reappropriated Funds	247,959	249,010	0	0	0
Federal Funds	0	211,333	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Salary Survey	<u>336,922</u>	<u>956,230</u>	<u>687,434</u>	<u>528,895</u>	<u>528,895</u>
General Fund	103,964	288,707	214,008	253,746	167,369
Cash Funds	71,094	172,018	152,764	90,763	87,828
Reappropriated Funds	161,864	268,031	202,472	93,696	176,106
Federal Funds	0	227,474	118,190	90,690	97,592
Step Increase	<u>0</u>	<u>0</u>	<u>638,041</u>	<u>106,256</u>	<u>106,256</u>
General Fund	0	0	188,367	45,232	33,625
Cash Funds	0	0	179,341	17,807	17,645
Reappropriated Funds	0	0	142,344	15,020	35,380
Federal Funds	0	0	127,989	28,197	19,606
PERA Direct Distribution	<u>180,208</u>	<u>61,117</u>	<u>454,531</u>	<u>494,910</u>	<u>494,910</u>
General Fund	0	18,462	141,256	237,306	156,613
Cash Funds	78,991	10,970	101,906	84,882	82,185
Reappropriated Funds	101,217	17,139	132,784	87,618	164,791
Federal Funds	0	14,546	78,585	85,104	91,321
Workers' Compensation	<u>103,789</u>	<u>103,305</u>	<u>151,560</u>	<u>141,018</u>	<u>140,812</u> *
General Fund	36,717	36,546	53,617	44,773	44,709
Cash Funds	21,956	21,854	32,062	61,200	61,109
Reappropriated Funds	45,116	44,905	65,881	35,045	34,994
Federal Funds	0	0	0	0	0
Operating Expenses	<u>149,230</u>	<u>119,732</u>	<u>147,082</u>	<u>194,571</u>	<u>179,233</u> *
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	149,230	119,732	147,082	194,571	179,233
Federal Funds	0	0	0	0	0



**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Legal Services	<u>306,812</u>	<u>1,028,413</u>	<u>903,955</u>	<u>1,328,701</u>	<u>1,328,701</u>
General Fund	241,510	623,142	539,894	989,116	989,116
Cash Funds	51,583	392,926	353,665	338,288	338,288
Reappropriated Funds	13,719	12,345	10,396	1,297	1,297
Federal Funds	0	0	0	0	0
Administrative Law Judge Services	<u>0</u>	<u>410</u>	<u>9,580</u>	<u>6,595</u>	<u>6,764</u>
General Fund	0	0	0	0	0
Cash Funds	0	410	9,580	6,595	6,764
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Payment to Risk Management and Property Funds	<u>122,487</u>	<u>247,883</u>	<u>157,641</u>	<u>115,476</u>	<u>157,407</u>
General Fund	43,304	87,636	55,732	36,664	49,978
Cash Funds	25,707	52,025	33,085	50,114	68,311
Reappropriated Funds	53,476	108,222	68,824	28,698	39,118
Federal Funds	0	0	0	0	0
Vehicle Lease Payments	<u>107,117</u>	<u>110,930</u>	<u>135,725</u>	<u>145,837</u>	<u>158,338</u>
General Fund	103,874	94,852	72,533	67,309	70,101
Cash Funds	0	5,333	47,484	59,831	67,125
Reappropriated Funds	3,243	10,745	15,708	18,697	21,112
Federal Funds	0	0	0	0	0
Information Technology Asset Maintenance	<u>57,413</u>	<u>71,560</u>	<u>102,656</u>	<u>102,656</u>	<u>102,656</u>
General Fund	24,929	36,158	36,158	36,158	36,158
Cash Funds	11,530	12,412	13,909	13,909	13,909
Reappropriated Funds	20,954	22,990	52,589	52,589	52,589
Federal Funds	0	0	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2022-23 Actual</b>	<b>FY 2023-24 Actual</b>	<b>FY 2024-25 Appropriation</b>	<b>FY 2025-26 Request</b>	<b>FY 2025-26 Recommendation</b>
Leased Space	<u>21,508</u>	<u>21,808</u>	<u>47,000</u>	<u>26,600</u>	<u>26,600</u> *
General Fund	18,500	18,500	18,500	5,675	5,675
Cash Funds	0	0	0	0	0
Reappropriated Funds	3,008	3,308	28,500	20,925	20,925
Federal Funds	0	0	0	0	0
Capitol Complex Leased Space	<u>568,210</u>	<u>709,967</u>	<u>891,319</u>	<u>940,180</u>	<u>993,730</u>
General Fund	237,267	225,055	282,544	275,050	290,716
Cash Funds	119,581	113,426	142,398	375,943	397,356
Reappropriated Funds	211,362	200,484	251,695	173,512	183,395
Federal Funds	0	171,002	214,682	115,675	122,263
Payments to OIT	<u>2,483,529</u>	<u>3,740,412</u>	<u>4,376,158</u>	<u>3,703,187</u>	<u>4,295,966</u>
General Fund	886,434	1,057,448	1,541,012	1,274,231	1,303,535
Cash Funds	519,037	630,938	1,510,571	998,336	1,561,811
Reappropriated Funds	1,078,058	1,378,482	792,168	871,299	871,299
Federal Funds	0	673,544	532,407	559,321	559,321
CORE Operations	<u>482,005</u>	<u>423,327</u>	<u>118,422</u>	<u>359,027</u>	<u>100,668</u>
General Fund	170,515	116,832	32,682	100,565	28,197
Cash Funds	100,670	68,976	19,293	137,455	38,541
Reappropriated Funds	210,820	144,448	40,411	78,713	22,071
Federal Funds	0	93,071	26,036	42,294	11,859
IT Accessibility	<u>0</u>	<u>248,116</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	137,778	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	110,338	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Moffat Tunnel Improvement District	<u>104</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
General Fund	0	0	0	0	0
Cash Funds	104	0	5,000	5,000	5,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
<b>SUBTOTAL - (A) Administration</b>	<b>9,424,643</b>	<b>14,589,844</b>	<b>16,200,582</b>	<b>16,779,080</b>	<b>17,006,688</b>
<i>FTE</i>	<u>14.4</u>	<u>18.8</u>	<u>20.1</u>	<u>25.7</u>	<u>23.9</u>
General Fund	2,873,488	4,235,221	4,875,577	6,041,019	4,994,196
Cash Funds	1,675,800	2,411,751	3,782,842	3,331,386	3,700,096
Reappropriated Funds	4,875,355	5,569,425	5,546,312	5,408,359	6,350,133
Federal Funds	0	2,373,447	1,995,851	1,998,316	1,962,263

**(B) State Demography Office**

Program Costs	<u>604,341</u>	<u>614,700</u>	<u>648,916</u>	<u>681,022</u>	<u>685,392</u>
FTE	5.9	6.4	6.0	6.0	6.0
General Fund	481,548	496,665	517,951	538,629	545,663
Cash Funds	101,224	95,176	110,083	119,738	117,479
Reappropriated Funds	0	0	0	0	0
Federal Funds	21,569	22,859	20,882	22,655	22,250
Indirect Cost Assessment	<u>8,481</u>	<u>12,703</u>	<u>15,957</u>	<u>14,186</u>	<u>14,284</u>
General Fund	0	0	0	0	0
Cash Funds	8,481	12,703	13,434	11,914	11,997
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	2,523	2,272	2,287

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2022-23 Actual</b>	<b>FY 2023-24 Actual</b>	<b>FY 2024-25 Appropriation</b>	<b>FY 2025-26 Request</b>	<b>FY 2025-26 Recommendation</b>
<b>SUBTOTAL - (B) State Demography Office</b>	612,822	627,403	664,873	695,208	699,676
<i>FTE</i>	<u>5.9</u>	<u>6.4</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>
General Fund	481,548	496,665	517,951	538,629	545,663
Cash Funds	109,705	107,879	123,517	131,652	129,476
Reappropriated Funds	0	0	0	0	0
Federal Funds	21,569	22,859	23,405	24,927	24,537
<b>TOTAL - (1) Executive Director's Office</b>	10,037,465	15,217,247	16,865,455	17,474,288	17,706,364
<i>FTE</i>	<u>20.3</u>	<u>25.2</u>	<u>26.1</u>	<u>31.7</u>	<u>29.9</u>
General Fund	3,355,036	4,731,886	5,393,528	6,579,648	5,539,859
Cash Funds	1,785,505	2,519,630	3,906,359	3,463,038	3,829,572
Reappropriated Funds	4,875,355	5,569,425	5,546,312	5,408,359	6,350,133
Federal Funds	21,569	2,396,306	2,019,256	2,023,243	1,986,800

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>(2) PROPERTY TAXATION</b>					
Division of Property Taxation	<u>2,621,413</u>	<u>2,629,752</u>	<u>3,601,865</u>	<u>3,840,183</u>	<u>3,850,464</u>
FTE	33.4	37.8	38.7	39.0	39.0
General Fund	1,713,425	1,643,039	2,261,991	2,380,833	2,416,722
Cash Funds	714,619	775,011	1,098,518	1,205,680	1,180,620
Reappropriated Funds	193,369	211,702	241,356	253,670	253,122
Federal Funds	0	0	0	0	0
State Board of Equalization	<u>4,831</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>
General Fund	4,831	12,856	12,856	12,856	12,856
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Board of Assessment Appeals	<u>545,273</u>	<u>729,410</u>	<u>718,817</u>	<u>894,666</u>	<u>840,719</u> *
FTE	10.3	13.2	13.2	14.1	14.2
General Fund	449,451	581,514	592,328	618,177	626,965
Cash Funds	95,822	147,896	126,489	276,489	213,754
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Indirect Cost Assessment	<u>161,261</u>	<u>106,788</u>	<u>103,919</u>	<u>116,187</u>	<u>114,999</u>
General Fund	0	0	0	0	0
Cash Funds	123,010	84,961	88,003	98,102	97,007
Reappropriated Funds	38,251	21,827	15,916	18,085	17,992
Federal Funds	0	0	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2022-23 Actual</b>	<b>FY 2023-24 Actual</b>	<b>FY 2024-25 Appropriation</b>	<b>FY 2025-26 Request</b>	<b>FY 2025-26 Recommendation</b>
<b>TOTAL - (2) Property Taxation</b>	3,332,778	3,478,806	4,437,457	4,863,892	4,819,038
<i>FTE</i>	<u>43.7</u>	<u>51.0</u>	<u>51.9</u>	<u>53.1</u>	<u>53.2</u>
General Fund	2,167,707	2,237,409	2,867,175	3,011,866	3,056,543
Cash Funds	933,451	1,007,868	1,313,010	1,580,271	1,491,381
Reappropriated Funds	231,620	233,529	257,272	271,755	271,114
Federal Funds	0	0	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>(3) DIVISION OF HOUSING</b>					
<b>(A) Community and Non-Profit Services</b>					
<b>(1) Administration</b>					
Personal Services	746,474	1,243,873	3,759,931	4,001,374	3,975,596
FTE	32.2	35.2	37.1	36.9	36.9
General Fund	609,428	1,096,559	1,176,825	1,215,933	1,233,545
Cash Funds	75,117	76,136	77,446	87,100	84,842
Reappropriated Funds	61,929	71,178	256,135	258,426	260,660
Federal Funds	0	0	2,249,525	2,439,915	2,396,549
Operating Expenses	118,369	107,897	502,538	469,181	469,181
General Fund	79,600	55,256	92,587	59,230	59,230
Cash Funds	4,938	1,018	4,938	4,938	4,938
Reappropriated Funds	33,831	51,623	64,918	64,918	64,918
Federal Funds	0	0	340,095	340,095	340,095
<b>SUBTOTAL - (1) Administration</b>	864,843	1,351,770	4,262,469	4,470,555	4,444,777
FTE	32.2	35.2	37.1	36.9	36.9
General Fund	689,028	1,151,815	1,269,412	1,275,163	1,292,775
Cash Funds	80,055	77,154	82,384	92,038	89,780
Reappropriated Funds	95,760	122,801	321,053	323,344	325,578
Federal Funds	0	0	2,589,620	2,780,010	2,736,644

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>(2) Community Services</b>					
Low Income Rental Subsidies	<u>108,761,818</u>	<u>134,249,875</u>	<u>105,997,404</u>	<u>109,915,275</u>	<u>109,915,275</u> *
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	10,513,122	18,423,515	21,167,475	21,167,475	21,167,475
Cash Funds	5,825,008	8,411,720	939,649	939,649	939,649
Reappropriated Funds	0	0	0	3,917,871	3,917,871
Federal Funds	92,423,688	107,414,640	83,890,280	83,890,280	83,890,280
Child Care Facility Development	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>250,000</u>	<u>500,000</u>
FTE	0.0	0.0	0.9	0.9	0.9
General Fund	0	0	0	0	250,000
Cash Funds	0	0	250,000	250,000	0
Reappropriated Funds	0	0	0	0	250,000
Homeless Prevention Programs	<u>2,136,452</u>	<u>2,649,583</u>	<u>2,306,506</u>	<u>2,306,506</u>	<u>2,306,506</u>
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	257,032	515	170,000	170,000	170,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,879,420	2,649,068	2,136,506	2,136,506	2,136,506
Appropriation to the FLEX Fund	<u>103,355</u>	<u>300,581</u>	<u>305,016</u>	<u>4,736</u>	<u>0</u> *
FTE	0.2	1.0	1.0	0.0	0.0
General Fund	103,355	300,581	305,016	4,736	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0



**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>SUBTOTAL - (2) Community Services</b>	111,001,625	137,200,039	108,858,926	112,476,517	112,721,781
<i>FTE</i>	<u>0.2</u>	<u>1.0</u>	<u>1.9</u>	<u>0.9</u>	<u>0.9</u>
General Fund	10,616,477	18,724,096	21,472,491	21,172,211	21,417,475
Cash Funds	6,082,040	8,412,235	1,359,649	1,359,649	1,109,649
Reappropriated Funds	0	0	0	3,917,871	4,167,871
Federal Funds	94,303,108	110,063,708	86,026,786	86,026,786	86,026,786
<b>(3) Fort Lyon Supportive Housing Program</b>					
Fort Lyon Supportive Housing	<u>4,912,498</u>	<u>750,000</u>	<u>5,756,771</u>	<u>5,761,079</u>	<u>5,762,544</u>
<i>FTE</i>	<u>0.8</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
General Fund	4,912,498	750,000	5,756,771	5,761,079	5,762,544
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
<b>SUBTOTAL - (3) Fort Lyon Supportive Housing Program</b>	4,912,498	750,000	5,756,771	5,761,079	5,762,544
<i>FTE</i>	<u>0.8</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
General Fund	4,912,498	750,000	5,756,771	5,761,079	5,762,544
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>(4) Ridge View Campus</b>					
Ridge View Campus	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000,000</u>	<u>5,306,832</u> *
FTE	0.0	0.0	0.0	3.7	3.7
General Fund	0	0	0	2,000,000	3,506,832
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	1,800,000
Federal Funds	0	0	0	0	0
<b>SUBTOTAL - (4) Ridge View Campus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,000,000</b>	<b>5,306,832</b>
<b>FTE</b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>3.7</u></b>	<b><u>3.7</u></b>
General Fund	0	0	0	2,000,000	3,506,832
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	1,800,000
Federal Funds	0	0	0	0	0
<b>SUBTOTAL - (A) Community and Non-Profit</b>					
<b>Services</b>	116,778,966	139,301,809	118,878,166	124,708,151	128,235,934
<b>FTE</b>	33.2	37.2	40.0	42.5	42.5
General Fund	16,218,003	20,625,911	28,498,674	30,208,453	31,979,626
Cash Funds	6,162,095	8,489,389	1,442,033	1,451,687	1,199,429
Reappropriated Funds	95,760	122,801	321,053	4,241,215	6,293,449
Federal Funds	94,303,108	110,063,708	88,616,406	88,806,796	88,763,430

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>(B) Field Services</b>					
Affordable Housing Program Costs	1,696,449	1,638,450	3,331,037	3,003,347	3,513,601 *
FTE	27.8	31.5	30.8	33.2	30.8
General Fund	193,534	184,794	235,596	528,513	250,606
Cash Funds	81,889	527	89,651	98,506	97,047
Reappropriated Funds	1,409,371	1,445,560	2,317,257	1,657,639	2,429,547
Federal Funds	11,655	7,569	688,533	718,689	736,401
 Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S.	 <u>28,221,231</u>	 <u>119,404,969</u>	 <u>71,999,716</u>	 <u>38,285,016</u>	 <u>78,785,016</u> *
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	9,177,876	9,190,617	18,000,000	18,000,000	18,000,000
Cash Funds	10,414,205	84,238,877	37,300,000	0	40,500,000
Reappropriated Funds	0	0	0	3,585,300	3,585,300
Federal Funds	8,629,150	25,975,475	16,699,716	16,699,716	16,699,716
 Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice Systems	 <u>500,000</u>	 <u>500,000</u>	 <u>500,000</u>	 <u>619,510</u>	 <u>619,510</u> *
General Fund	500,000	500,000	500,000	500,000	500,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	119,510	119,510
Federal Funds	0	0	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Manufactured Buildings Program	<u>882,202</u>	<u>1,999,235</u>	<u>1,578,395</u>	<u>2,288,594</u>	<u>1,691,562</u> *
FTE	7.5	16.7	16.7	15.3	15.3
General Fund	67,329	0	0	300,000	0
Cash Funds	814,873	1,999,235	1,578,395	1,988,594	1,691,562
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Mobile Home Park Act Oversight	<u>910,722</u>	<u>0</u>	<u>1,458,474</u>	<u>1,959,951</u>	<u>1,536,137</u> *
FTE	7.9	6.8	10.5	10.5	10.5
General Fund	0	0	0	0	0
Cash Funds	910,722	0	1,458,474	1,959,951	1,536,137
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Appropriation to the Mobile Home Park Act					
Dispute Resolution & Enforcement Program Fund	<u>32,778 0.6</u>	<u>107,834 1.0</u>	<u>114,132 1.0</u>	<u>570,440 1.0</u>	<u>119,905 1.0</u> *
General Fund	32,778	107,834	114,132	570,440	119,905
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Proposition 123 Programs for Persons Experiencing Homelessness and Affordable Home Ownership	<u>0</u>	<u>60,000,000</u>	<u>123,430,572</u>	<u>0</u>	<u>133,532,000</u>
General Fund	0	0	0	0	0
Cash Funds	0	60,000,000	123,430,572	0	133,532,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2022-23 Actual</b>	<b>FY 2023-24 Actual</b>	<b>FY 2024-25 Appropriation</b>	<b>FY 2025-26 Request</b>	<b>FY 2025-26 Recommendation</b>
CHFA Middle Income Access Program	<u>25,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	25,000,000	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
<b>SUBTOTAL - (B) Field Services</b>	<b>57,243,382</b>	<b>183,650,488</b>	<b>202,412,326</b>	<b>46,726,858</b>	<b>219,797,731</b>
<i>FTE</i>	<u>43.8</u>	<u>56.0</u>	<u>59.0</u>	<u>60.0</u>	<u>57.6</u>
General Fund	9,971,517	9,983,245	18,849,728	19,898,953	18,870,511
Cash Funds	37,221,689	146,238,639	163,857,092	4,047,051	177,356,746
Reappropriated Funds	1,409,371	1,445,560	2,317,257	5,362,449	6,134,357
Federal Funds	8,640,805	25,983,044	17,388,249	17,418,405	17,436,117

**(C) Indirect Cost Assessments**

Indirect Cost Assessments	<u>528,914</u>	<u>961,977</u>	<u>1,549,628</u>	<u>1,430,016</u>	<u>1,673,984</u>
General Fund	0	0	0	0	0
Cash Funds	124,491	707,326	880,052	865,472	1,070,563
Reappropriated Funds	404,423	254,651	179,891	152,555	163,062
Federal Funds	0	0	489,685	411,989	440,359
<b>SUBTOTAL - (C) Indirect Cost Assessments</b>	<b>528,914</b>	<b>961,977</b>	<b>1,549,628</b>	<b>1,430,016</b>	<b>1,673,984</b>
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	0	0	0
Cash Funds	124,491	707,326	880,052	865,472	1,070,563
Reappropriated Funds	404,423	254,651	179,891	152,555	163,062
Federal Funds	0	0	489,685	411,989	440,359

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2022-23 Actual</b>	<b>FY 2023-24 Actual</b>	<b>FY 2024-25 Appropriation</b>	<b>FY 2025-26 Request</b>	<b>FY 2025-26 Recommendation</b>
<b>TOTAL - (3) Division of Housing</b>	174,551,262	323,914,274	322,840,120	172,865,025	349,707,649
<i>FTE</i>	<u>77.0</u>	<u>93.2</u>	<u>99.0</u>	<u>102.5</u>	<u>100.1</u>
General Fund	26,189,520	30,609,156	47,348,402	50,107,406	50,850,137
Cash Funds	43,508,275	155,435,354	166,179,177	6,364,210	179,626,738
Reappropriated Funds	1,909,554	1,823,012	2,818,201	9,756,219	12,590,868
Federal Funds	102,943,913	136,046,752	106,494,340	106,637,190	106,639,906

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>(4) DIVISION OF LOCAL GOVERNMENT</b>					
<b>(A) Local Government and Community Services</b>					
<b>(1) Administration</b>					
Personal Services	<u>1,308,146</u>	<u>1,402,334</u>	<u>1,697,991</u>	<u>1,817,200</u>	<u>1,794,727</u>
FTE	16.5	18.1	18.2	18.2	18.2
General Fund	620,309	723,552	766,270	837,201	809,256
Cash Funds	0	0	0	0	0
Reappropriated Funds	687,837	678,782	742,213	778,650	778,867
Federal Funds	0	0	189,508	201,349	206,604
Operating Expenses	<u>71,753</u>	<u>87,019</u>	<u>137,201</u>	<u>137,713</u>	<u>137,713</u>
General Fund	46,678	61,873	48,028	48,540	48,540
Cash Funds	0	0	0	0	0
Reappropriated Funds	25,075	25,146	25,146	25,146	25,146
Federal Funds	0	0	64,027	64,027	64,027
<b>SUBTOTAL - (1) Administration</b>	<b>1,379,899</b>	<b>1,489,353</b>	<b>1,835,192</b>	<b>1,954,913</b>	<b>1,932,440</b>
FTE	<u>16.5</u>	<u>18.1</u>	<u>18.2</u>	<u>18.2</u>	<u>18.2</u>
General Fund	666,987	785,425	814,298	885,741	857,796
Cash Funds	0	0	0	0	0
Reappropriated Funds	712,912	703,928	767,359	803,796	804,013
Federal Funds	0	0	253,535	265,376	270,631

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>(2) Local Government Services</b>					
Conservation Trust Fund Disbursements	<u>78,023,295</u>	<u>62,179,989</u>	<u>58,008,861</u>	<u>58,017,716</u>	<u>58,016,257</u>
FTE	2.2	1.0	1.0	1.0	1.0
General Fund	0	0	0	0	0
Cash Funds	78,023,295	62,179,989	58,008,861	58,017,716	58,016,257
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Volunteer Firefighter Retirement Plans	<u>4,284,734</u>	<u>4,137,275</u>	<u>4,665,000</u>	<u>4,665,000</u>	<u>4,665,000</u>
General Fund	4,284,734	4,137,275	0	0	0
General Fund Exempt	0	0	4,665,000	4,665,000	4,665,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Volunteer Firefighter Death and Disability					
Insurance	<u>21,065</u>	<u>21,065</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
General Fund	21,065	21,065	30,000	30,000	30,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Firefighter Heart and Circulatory Malfunction					
Benefits	<u>1,685,510</u>	<u>1,706,497</u>	<u>2,311,980</u>	<u>2,266,807</u>	<u>2,714,866</u>
FTE	0.3	0.5	0.5	0.5	0.5
General Fund	847,511	867,444	1,172,927	1,427,754	1,375,813
Cash Funds	0	0	0	0	0
Reappropriated Funds	837,999	839,053	1,139,053	839,053	1,339,053
Federal Funds	0	0	0	0	0



**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Local Utility Management Assistance	<u>282,232</u>	<u>76,895</u>	<u>202,403</u>	<u>211,020</u>	<u>217,196</u>
FTE	3.0	2.0	2.0	2.0	2.0
General Fund	0	0	0	0	0
Cash Funds	154,179	76,895	202,403	211,020	217,196
Reappropriated Funds	0	0	0	0	0
Federal Funds	128,053	0	0	0	0
Environmental Protection Agency Water/Sewer File Project	<u>0</u>	<u>316,835</u>	<u>263,828</u>	<u>268,655</u>	<u>267,248</u>
FTE	0.0	0.5	0.5	0.5	0.5
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	316,835	263,828	268,655	267,248
Accessory Dwelling Unit Fee Reduction Encouragement Grant Program	<u>0</u>	<u>0</u>	<u>467,246</u>	<u>2,275,397</u>	<u>2,275,397</u>
FTE	0.0	0.0	4.9	4.7	4.7
Cash Funds	0	0	467,246	2,275,397	2,275,397
<b>SUBTOTAL - (2) Local Government Services</b>	<b>84,296,836</b>	<b>68,438,556</b>	<b>65,949,318</b>	<b>67,734,595</b>	<b>68,185,964</b>
<b>FTE</b>	<b><u>5.5</u></b>	<b><u>4.0</u></b>	<b><u>8.9</u></b>	<b><u>8.7</u></b>	<b><u>8.7</u></b>
General Fund	5,153,310	5,025,784	1,202,927	1,457,754	1,405,813
General Fund Exempt	0	0	4,665,000	4,665,000	4,665,000
Cash Funds	78,177,474	62,256,884	58,678,510	60,504,133	60,508,850
Reappropriated Funds	837,999	839,053	1,139,053	839,053	1,339,053
Federal Funds	128,053	316,835	263,828	268,655	267,248

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>(3) Community Services</b>					
Community Services Block Grant	<u>7,924,449</u>	<u>5,401,013</u>	<u>6,475,029</u>	<u>6,475,029</u>	<u>6,475,029</u>
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	7,924,449	5,401,013	6,475,029	6,475,029	6,475,029
Mobile Veterans Support Unit Grant Program	<u>92,411</u>	<u>56,922</u>	<u>1,330</u>	<u>0</u>	<u>0</u>
FTE	0.1	0.3	0.0	0.0	0.0
General Fund	92,411	56,922	1,330	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Disaster Resilience Rebuilding Program	<u>113,624</u>	<u>218,236</u>	<u>232,042</u>	<u>259,493</u>	<u>249,938</u>
FTE	2.5	3.1	3.1	3.1	3.1
General Fund	113,624	218,236	232,042	259,493	249,938
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
<b>SUBTOTAL - (3) Community Services</b>	<b>8,130,484</b>	<b>5,676,171</b>	<b>6,708,401</b>	<b>6,734,522</b>	<b>6,724,967</b>
<b>FTE</b>	<b><u>2.6</u></b>	<b><u>3.4</u></b>	<b><u>3.1</u></b>	<b><u>3.1</u></b>	<b><u>3.1</u></b>
General Fund	206,035	275,158	233,372	259,493	249,938
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	7,924,449	5,401,013	6,475,029	6,475,029	6,475,029

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>SUBTOTAL - (A) Local Government and Community Services</b>	93,807,219	75,604,080	74,492,911	76,424,030	76,843,371
<i>FTE</i>	<u>24.6</u>	<u>25.5</u>	<u>30.2</u>	<u>30.0</u>	<u>30.0</u>
General Fund	6,026,332	6,086,367	2,250,597	2,602,988	2,513,547
General Fund Exempt	0	0	4,665,000	4,665,000	4,665,000
Cash Funds	78,177,474	62,256,884	58,678,510	60,504,133	60,508,850
Reappropriated Funds	1,550,911	1,542,981	1,906,412	1,642,849	2,143,066
Federal Funds	8,052,502	5,717,848	6,992,392	7,009,060	7,012,908

**(B) Field Services**

Program Costs	<u>3,009,316</u>	<u>3,135,272</u>	<u>3,720,386</u>	<u>3,922,007</u>	<u>3,884,591</u>
<i>FTE</i>	29.3	32.6	32.6	32.6	32.6
General Fund	348,875	356,130	371,847	386,530	389,743
Cash Funds	78,141	98,428	124,989	129,297	132,385
Reappropriated Funds	2,582,300	2,680,714	2,814,879	2,977,142	2,924,387
Federal Funds	0	0	408,671	429,038	438,076
Community Development Block Grant	<u>5,739,251</u>	<u>9,194,550</u>	<u>8,820,748</u>	<u>8,820,748</u>	<u>8,820,748</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	5,739,251	9,194,550	8,820,748	8,820,748	8,820,748

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Local Government Mineral and Energy Impact Grants and Disbursements	<u>136,944,553</u>	<u>109,337,636</u>	<u>90,000,000</u>	<u>90,000,000</u>	<u>90,000,000</u> *
General Fund	0	0	0	0	0
Cash Funds	136,944,553	109,337,636	90,000,000	90,000,000	90,000,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Limited Gaming Impact Grants	<u>4,960,577</u>	<u>5,760,782</u>	<u>6,050,111</u>	<u>6,050,111</u>	<u>6,050,111</u>
General Fund	0	0	0	0	0
Cash Funds	4,960,577	5,760,782	6,050,111	6,050,111	6,050,111
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Geothermal Energy Impact Grants	<u>172</u>	<u>208</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
General Fund	0	0	0	0	0
Cash Funds	172	208	50,000	50,000	50,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Rural Economic Development Initiative Grants	<u>3,794,398</u>	<u>1,191,983</u>	<u>780,000</u>	<u>780,000</u>	<u>780,000</u>
General Fund	3,794,398	1,191,983	780,000	780,000	780,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Gray and Black Market Marijuana Enforcement					
Grant Program	<u>806,752</u>	<u>800,639</u>	<u>970,217</u>	<u>976,679</u>	<u>175,100</u>
FTE	1.5	2.5	1.5	1.5	1.5
General Fund	0	0	0	0	0
Cash Funds	806,752	800,639	970,217	976,679	175,100
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Appropriation to the Targeted Crime Reduction					
Grant Program Cash Fund	<u>3,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
General Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	3,000,000	3,000,000	3,000,000	3,000,000
Federal Funds	0	0	0	0	0
Appropriation to the Peace Officers Mental Health					
Support Fund	<u>5,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
General Fund	5,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Peace Officers Mental Health Support Grant					
Program	<u>1,239,844</u>	<u>2,731,581</u>	<u>2,005,836</u>	<u>2,005,836</u>	<u>2,005,836</u>
FTE	2.2	1.0	1.0	1.0	1.0
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	1,239,844	2,731,581	2,005,836	2,005,836	2,005,836
Federal Funds	0	0	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Defense Counsel on First Appearance Grant					
Program	<u>682,518</u>	<u>872,914</u>	<u>1,500,425</u>	<u>1,113,093</u>	<u>715,000</u> *
FTE	0.5	0.5	0.5	0.5	0.5
General Fund	682,518	872,914	1,500,425	1,113,093	715,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Law Enforcement Community Services Grant					
Program	<u>66,142</u>	<u>93,494</u>	<u>281,791</u>	<u>1,166,752</u>	<u>1,169,412</u>
FTE	0.9	1.0	1.0	1.0	1.0
General Fund	0	(8,387)	0	0	0
Cash Funds	66,142	101,881	281,791	1,166,752	1,169,412
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Microgrids for Community Resilience Grant					
Program	<u>100,130</u>	<u>20,786</u>	<u>140,578</u>	<u>150,051</u>	<u>152,124</u>
FTE	1.2	2.0	2.0	2.0	2.0
General Fund	100,130	20,786	140,578	150,051	152,124
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Public Defender and Prosecutor Behavioral Health Support Grant Program	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
General Fund	500,000	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	500,000	500,000	500,000	500,000
Federal Funds	0	0	0	0	0
Appropriation to the Public Defender and Prosecutor Behavioral Health Support Fund	<u>0</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
General Fund	0	500,000	500,000	500,000	500,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Proposition 123 Local Planning Capacity Support	<u>0</u>	<u>3,200,000</u>	<u>6,496,346</u>	<u>0</u>	<u>7,028,000</u>
Cash Funds	0	3,200,000	6,496,346	0	7,028,000
Local Government Planning Grant Program	<u>1,056,177</u>	<u>252,134</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	1,056,177	252,134	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Affordable Housing Development Incentives Grant					
Program	<u>1,102,516</u>	<u>5,285,320</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	1,102,516	5,285,320	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
HB 17-1326 Crime Prevention Initiative Small					
Business Lending	<u>2,106,939</u>	<u>1,876,744</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	2,106,939	1,876,744	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Colorado Heritage Communities Grants					
	<u>0</u>	<u>39,300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	39,300,000	0	0	0
Interconnectivity Grant Program					
	<u>865,729</u>	<u>3,645,056</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	865,729	3,645,056	0	0	0



**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
Small Community-based Nonprofit Infrastructure					
Grants	<u>10,150,116</u>	<u>35,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	10,150,116	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	35,000,000	0	0	0
ARPA Expenditures					
Federal Funds	<u>0</u>	<u>67,815,909</u>	<u>0</u>	<u>0</u>	<u>0</u>
Search and Rescue Program					
FTE	<u>314,123</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0.0	0.0	0.0	0.0	0.0
Cash Funds	0	0	0	0	0
Reappropriated Funds	314,123	0	0	0	0
Federal Funds	0	0	0	0	0
<b>SUBTOTAL - (B) Field Services</b>	<b>181,439,253</b>	<b>298,515,008</b>	<b>129,816,438</b>	<b>124,035,277</b>	<b>129,830,922</b>
FTE	<u>35.6</u>	<u>39.6</u>	<u>38.6</u>	<u>38.6</u>	<u>38.6</u>
General Fund	23,576,037	7,933,426	8,292,850	7,929,674	7,536,867
Cash Funds	147,436,092	126,713,772	103,973,454	98,372,839	104,605,008
Reappropriated Funds	3,822,144	8,912,295	8,320,715	8,482,978	8,430,223
Federal Funds	6,604,980	154,955,515	9,229,419	9,249,786	9,258,824

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
<b>(C) Indirect Cost Assessments</b>					
Indirect Cost Assessment	<u>675,342</u>	<u>659,580</u>	<u>732,383</u>	<u>628,731</u>	<u>658,465</u>
General Fund	0	0	0	0	0
Cash Funds	141,462	104,297	138,196	111,941	112,349
Reappropriated Funds	533,880	555,283	475,278	415,684	439,273
Federal Funds	0	0	118,909	101,106	106,843
<b>SUBTOTAL - (C) Indirect Cost Assessments</b>	<b>675,342</b>	<b>659,580</b>	<b>732,383</b>	<b>628,731</b>	<b>658,465</b>
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	0	0	0
Cash Funds	141,462	104,297	138,196	111,941	112,349
Reappropriated Funds	533,880	555,283	475,278	415,684	439,273
Federal Funds	0	0	118,909	101,106	106,843
<b>TOTAL - (4) Division of Local Government</b>	<b>275,921,814</b>	<b>374,778,668</b>	<b>205,041,732</b>	<b>201,088,038</b>	<b>207,332,758</b>
<i>FTE</i>	<u>60.2</u>	<u>65.1</u>	<u>68.8</u>	<u>68.6</u>	<u>68.6</u>
General Fund	29,602,369	14,019,793	10,543,447	10,532,662	10,050,414
General Fund Exempt	0	0	4,665,000	4,665,000	4,665,000
Cash Funds	225,755,028	189,074,953	162,790,160	158,988,913	165,226,207
Reappropriated Funds	5,906,935	11,010,559	10,702,405	10,541,511	11,012,562
Federal Funds	14,657,482	160,673,363	16,340,720	16,359,952	16,378,575

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2022-23 Actual</b>	<b>FY 2023-24 Actual</b>	<b>FY 2024-25 Appropriation</b>	<b>FY 2025-26 Request</b>	<b>FY 2025-26 Recommendation</b>
<b>TOTAL - Department of Local Affairs</b>	463,843,319	717,388,995	549,184,764	396,291,243	579,565,809
<i>FTE</i>	<u>201.2</u>	<u>234.5</u>	<u>245.8</u>	<u>255.9</u>	<u>251.8</u>
General Fund	61,314,632	51,598,244	66,152,552	70,231,582	69,496,953
General Fund Exempt	0	0	4,665,000	4,665,000	4,665,000
Cash Funds	271,982,259	348,037,805	334,188,706	170,396,432	350,173,898
Reappropriated Funds	12,923,464	18,636,525	19,324,190	25,977,844	30,224,677
Federal Funds	117,622,964	299,116,421	124,854,316	125,020,385	125,005,281

NOTE: An asterisk (\*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.



Joint Budget Committee Staff

# Memorandum

To: Joint Budget Committee  
From: Amanda Bickel and Andrea Uhl, JBC Staff  
Date: Friday, February 14, 2025  
Subject: Staff-initiated Legislation to Clarify Proposition 123 Maintenance of Effort  
[Legislation Recommended]

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Staff recommends that the Committee sponsor legislation to further clarify the Maintenance of Effort (MOE) requirement associated with Proposition 123 (Section 29-32-106, C.R.S.). Current statute specifies that “money appropriated [from Proposition 123 revenue] must supplement and shall not supplant the level of general fund and cash fund appropriations for affordable housing programs for state fiscal year 2022-23”. JBC staff interprets this language to mean that FY 2022-23 funding for affordable housing, excluding Proposition 123 funds, should be compared to each subsequent year’s funding for affordable housing.

Based on discussions with the executive branch and further review and analysis of the statute and recent funding, staff recommends two clarifications to the existing MOE statute.

- Exclude one-time FY 2022-23 funding from state sources from the MOE calculation. The General Assembly has already amended the relevant statute to exclude one-time federal funds. However, given the restrictions on many one-time federal funds, a considerable amount of funding that was provided for housing programs on a temporary basis in FY 2022-23 was either initially appropriated as state General Fund or cash funds or, even if it began as federal funds, was later refinanced with state funds.
- Include affordable housing tax credits in the calculation. Since FY 2022-23, the General Assembly has taken some actions to *reduce* direct appropriations for affordable housing, while *increasing* tax credits that support affordable housing projects. These actions, which maintain resources for supporting affordable housing, seems consistent with the intent of Proposition 123, but statutory MOE language should be modified to align with this if that is, in fact, the General Assembly’s intent. Based on court cases, as well as the plain language of the term, “appropriation” does not encompass tax expenditures such as tax credits.<sup>1</sup> Thus, if tax credits should be included in the calculation for the Proposition 123 baseline, this should be stated.

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<sup>1</sup>In *Colorado General Assembly v. Lamm*, the Colorado Supreme Court concluded that an appropriation is the setting aside of a certain amount of money for expenditure by an agency of government to achieve a particular purpose. 700 P.2d 508, 528 (Colo. 1985). OLLS Staff note that this aligns with the plain meaning of “appropriation”.

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Section 29-32-106, C.R.S., shown below, was first added to the statutes as part of Proposition 123. It was then amended in [H.B. 23-1304](#) (Proposition 123 Affordable Housing Programs) with technical tweaks, including the addition of subsection (2).

**29-32-106. Maintenance of effort.** (1) For any state fiscal year in which money is appropriated from the financing fund or the support fund in accordance with the requirements of this article, any such money appropriated must supplement and shall not supplant the level of general fund and cash fund appropriations for affordable housing programs for the state fiscal year 2022-23.

(2) For purposes of determining the appropriations for affordable housing programs for the state fiscal year 2022-23, cash funds appropriations do not include any appropriations of money that originated from money the state received from the federal coronavirus state fiscal recovery fund.

As reflected above, the MOE language adopted by voters, even after amendment by the General Assembly, is broad and subject to interpretation. Various line items and statutory provisions in place in FY 2022-23 might or might not be considered MOE components. In consultation with the Department, staff has explored alternative calculations. Under some of these approaches the State is potentially in violation; in others it is not. Particularly in light of this, staff believes it would be in the interest of the Department, legislators, and members of the public for the General Assembly to amend the existing MOE language to more clearly delineate some items that should and should not be counted in the Proposition 123 MOE calculation.

It is important to note that *none of the calculations below represent a definitive accounting of the Proposition 123 MOE; these calculations simply represent a preliminary staff effort to outline some possible interpretations.*

The table below summarizes FY 2022-23 state appropriations that staff believes represent a reasonable potential baseline for the Proposition 123 MOE. As shown, staff has included two options: one without tax credits and one with tax credits included.

FY 2022-23 Baseline			
	Total	General Fund	Cash Funds
<b>Department of Local Affairs</b>			
<b>Long Bill - (A) Community and Non-Profit Services</b>			
Personal Services	\$743,949	\$668,832	\$75,117
Operating Expenses	68,788	63,850	4,938
Low Income Rental Subsidies	12,552,750	11,613,101	939,649
Homeless Prevention Programs	170,000	0	170,000
Fort Lyon	4,999,361	4,999,361	0

The plain meaning of "appropriation" is the authorization of spending authority for a specific purpose and a tax expenditure does not authorize spending authority, but instead is a tax provision that results in reducing a person's tax burden.

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FY 2022-23 Baseline			
	Total	General Fund	Cash Funds
<b>Long Bill (B) Field Services</b>			
Affordable Housing Program Costs	298,218	216,329	81,889
Affordable Housing Grants and Loans	24,500,000	9,200,000	15,300,000
Persons Transitioning from Criminal Justice System	500,000	500,000	0
(C) Indirect Costs	27,130	0	27,130
<b>Long Bill Total</b>	<b>\$43,860,196</b>	<b>\$27,261,473</b>	<b>\$16,598,723</b>
<b>Non-Long Bill</b>			
Vendor Fees	\$71,022,574	\$71,022,574	\$0
HB 22-1083 Homeless tax credit (PS and OE only)	99,018	99,018	0
HB 22-1389 FLEX Program	103,355	103,355	0
<b>Non Long Bill Total</b>	<b>\$71,224,947</b>	<b>\$71,224,947</b>	<b>\$0</b>
<b>Department of Human Services</b>			
Housing Assistance for Individuals with SUDs	\$4,000,000	\$4,000,000	\$0
Foster Youth Transition to Adulthood Grant Program	712,950	712,950	0
	\$4,712,950	\$4,712,950	\$0
<b>Department of Corrections</b>			
Parolee Housing Support	\$500,000	\$500,000	\$0
Community-based Organizations Housing Support	500,000	500,000	0
	\$1,000,000	\$1,000,000	\$0
<b>Total Excluding Tax Credits</b>	<b>\$120,798,093</b>	<b>\$104,199,370</b>	<b>\$16,598,723</b>
<b>Tax Credits</b>			
HB 22-1051 Modify Affordable Housing Tax Credit	\$53,200,000	\$53,200,000	\$0
<b>Tax Credit Total</b>	<b>\$53,200,000</b>	<b>\$53,200,000</b>	<b>\$0</b>
<b>Total with Tax Credits</b>	<b>\$173,998,093</b>	<b>\$157,399,370</b>	<b>\$16,598,723</b>

Note that the table above excludes funding from the following bills and voter-approved measures that were explicitly identified at the time as being provided on a one-time or temporary basis. In many cases the amounts shown below reflect only the portion of funding in the bill that was refinanced to state funds, since amounts originating as federal funds are already excluded from the MOE requirement.

ONE-TIME GENERAL FUND APPROPRIATIONS EXCLUDED	
Prop EE	\$11,049,771
HB22-1356 General Fund Refinanced Portion	2,530,000
HB 22-1304 General Fund Refinanced Portion	108,000,000
HB22-1377 General Fund Refinanced Portion	81,650,000

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ONE-TIME GENERAL FUND APPROPRIATIONS EXCLUDED	
HB22-1378 General Fund Refinanced Portion	34,420,000
SB 22-159 Affordable Housing Revolving Loans	150,000,000
SB 22-146 CHFA Middle Income Access	25,000,000
<b>Total</b>	<b>\$412,649,771</b>

The table below compares the FY 2022-23 funding shown (MOE Baseline) with FY 2024-25 funding. As can be seen at the bottom of this table, **if tax credits are included in the calculation, FY 2024-25 funding is above the FY 2022-23 MOE requirement. If tax credits are excluded, it is not.**

FY 2024-25			
	Total	General Fund	Cash Funds
<b>Department of Local Affairs</b>			
<b>Long Bill - (A) Community and Non-Profit Services</b>			
Personal Services	\$1,233,633	\$1,156,187	\$77,446
Operating Expenses	64,168	59,230	4,938
Low Income Rental Subsidies	22,107,124	21,167,475	939,649
Homeless Prevention Programs	170,000	0	170,000
FLEX Program	305,016	305,016	0
Fort Lyon	5,756,771	5,756,771	0
<b>Long Bill (B) Field Services</b>			
Affordable Housing Program Costs	325,247	235,596	89,651
Affordable Housing Grants and Loans	18,000,000	18,000,000	0
Persons Transitioning from Criminal Justice System	500,000	500,000	0
(C) Indirect Costs	25,306	0	25,306
<b>Long Bill Total</b>	<b>\$48,487,265</b>	<b>\$47,180,275</b>	<b>\$1,306,990</b>
<b>Non-Long Bill</b>			
Vendor Fees (after reduction from HB 24-1434)	\$38,800,000	\$38,800,000	\$0
HB 24-1152 Accessory Dwelling Units <sup>1</sup>	467,246	467,246	0
HB 24-1152 Accessory Dwelling Units (OEDIT)	8,000,000	8,000,000	0
<b>Non Long Bill Total</b>	<b>\$47,267,246</b>	<b>\$47,267,246</b>	<b>\$0</b>
<b>Department of Human Services</b>			
Housing Assistance for Individuals with SUD	\$4,000,000	\$4,000,000	\$0
Foster Youth Transition to Adulthood Grant Program	1,134,609	1,134,609	0
Preventing Youth Homelessness	4,572,592	4,572,592	0
	\$9,707,201	\$9,707,201	\$0
<b>Department of Corrections</b>			
Parolee Housing Support	\$500,000	\$500,000	\$0
Community-based Organizations Housing Support	500,000	500,000	0
	\$1,000,000	\$1,000,000	\$0
<b>Total Excluding Tax Credits</b>	<b>\$106,461,712</b>	<b>\$105,154,722</b>	<b>\$1,306,990</b>

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FY 2024-25			
	Total	General Fund	Cash Funds
<b>Tax Credits</b>			
HB 22-1051 Modify Affordable Housing Tax Credit	\$60,000,000	\$60,000,000	\$0
HB 24-1434 Expand Affordable Housing Tax Credits	18,000,000	18,000,000	0
Tax Credit Total	\$78,000,000	\$78,000,000	\$0
<b>Total with Tax Credits</b>	<b>\$184,461,712</b>	<b>\$183,154,722</b>	<b>\$1,306,990</b>
<b>Change from base excluding tax credits</b>	<b>-\$14,336,381</b>	<b>\$955,352</b>	<b>-\$15,291,733</b>
<b>Change from base with tax credits</b>	<b>\$10,463,619</b>	<b>\$25,755,352</b>	<b>-\$15,291,733</b>

<sup>1</sup> The one-time transfer of \$5.0 million to DOLA in H.B. 24-1152 is spread over multiple years to provide grants.

JBC Staff notes that the Governor’s Office interpretation of the statute differs from that of the Joint Budget Committee Staff. As outlined by the Governor’s Office in an email to staff:

“The Maintenance of Effort (MOE) section of HB23-1304 does not include specific statutory text requiring an MOE to be established. In particular, the MOE provision in C.R.S. § 29-32-106(1) does not mean that the level of general fund or cash fund appropriations for affordable housing programs in FY 2024-25 and beyond can never drop below the level of funding FY 2022-23 because the language is aspirational and must be read in conjunction with other statutes that don’t allow a current General Assembly to limit a future General Assemblies powers to appropriate. While the title of the section is MOE the actual language is a clear example of supplement and supplant that is common in state and federal budgeting. This does allow for reductions from year to year as long as those reductions are part of broader policy changes and are not a direct supplanting of funding from the new revenue stream for existing programs.”

JBC Staff acknowledges that the statutory provisions under the “Maintenance of Effort” header (which is not technically binding) use “supplement and not supplant” language. However, *JBC staff believes that, even under this alternative interpretation, it could be beneficial to clarify the statute in a way that is more expansive.* In general, staff believes that offering more mechanisms for complying with voter intent that Proposition 123 funds “supplement and not supplant” other forms of state support for affordable housing could be helpful. Tax credits are not the same as appropriations, but they are a form of support for affordable housing. Given this, the General Assembly could at least consider whether tax credits should be identified *in addition to appropriations* when contemplating statutory compliance.

**Under the alternative understanding of the statute put forth by the Governor’s Office, the State could potentially still be in violation of the statute.** In FY 2024-25, the General Assembly cut \$15.3 million in Marijuana Tax Cash Fund appropriations from the Affordable Housing Grants and Loans line item that had been used since FY 2017-18 for a variety of homeless



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response programs. The reduction was due to insufficient Marijuana Tax Cash Fund revenue, and the funding was partially replaced by \$8.8 million General Fund. In a November 1, 2024, response to a JBC Request for Information, the Department of Local Affairs indicated that filling the \$6.5 million gap in funding due to the changes in FY 2024-25, “required DOLA/DOH to re-purpose other funding sources eligible for utilization in addressing homelessness *including those made available through Proposition 123*”.<sup>2</sup> [emphasis added] This response at least suggests that Proposition 123 funds may have been used to supplant the Marijuana Tax Cash Funds that were reduced.

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<sup>2</sup> The Department response can be accessed from the OSPB website under FY 2025-26 Budget Request, All Budget Documents, Agency Budget Submissions, (9) DOLA, (7) RFIs and Long Range Financial Plan: <https://www.colorado.gov/governor/office-state-planning-budgeting>