

# Joint Budget Committee



## Staff Budget Briefing FY 2025-26

### Department of Public Health and Environment (Administration and Environmental Divisions)

JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision

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## ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2024 legislative session that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report: <https://leg.colorado.gov/sites/default/files/fy24-25apprept.pdf>

The online version of the briefing document may be found by searching the budget documents on the General Assembly’s website by visiting [leg.colorado.gov/content/budget/budget-documents](https://leg.colorado.gov/content/budget/budget-documents). Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

# Overview of Public Health and Environment, Administration and Environmental Divisions

The Department of Public Health and Environment consists of 10 divisions, of which the following five will be covered in this document:

- 1 Administration and Support Division
  - a Houses the Health Disparities Program, which provides grants for health initiatives aimed at reducing and eliminating disparities in the provision of health services across the state;
  - b Houses the Environmental Justice program, which provides grant funding for environmental justice projects to reduce health disparities; and
  - c Houses the Office of Planning, Partnerships, and Improvement, which oversees the distribution of state funds to local public health agencies (LPHAs).
- 2 Air Pollution Control Division
  - a Performs statewide air monitoring, pollutant analysis, and air emission modeling
  - b Researches the causes and effects of pollution from mobile vehicles and implements strategies aimed at reducing emissions from mobile sources
  - c Permits, monitors, and inspects factories, power plants, and other commercial air pollutant emitters for compliance with air pollutant emissions standards
- 3 Water Quality Control Division
  - a Issues waste water discharge permits and, if necessary, takes enforcement action to ensure compliance with water quality standards
  - b Issues water quality permits for the following sectors: construction, public and private utilities, commerce and industry, pesticides, and water quality certification
  - c Monitors the pollutant levels in rivers, streams, and other bodies of water
  - d Conducts surveillance of public and non-public drinking water sources to ensure compliance with federal and state water quality standards
  - e Reviews designs and specifications of new and/or expanding water treatment facilities
- 4 Hazardous Materials and Waste Management Division
  - a Regulates the treatment, storage, and disposal of solid and hazardous waste in Colorado
  - b Performs inspections of solid waste facilities
  - c Oversees hazardous waste generators, transporters, and storage facilities
  - d Regulates commercial radioactive materials in Colorado
  - e Administers the Waste Tire Program
- 5 Division of Environmental Health and Sustainability
  - a Certifies and inspects wholesale food distributors and dairy processors

- b Oversees restaurant, child care facility, and school inspections done by local public health agencies (with a few exceptions where the State is responsible for these inspections)
- c Administers the following environmental sustainability programs:
  - 1) Environmental Leadership Program
  - 2) Pollution Prevention Program
  - 3) Pharmaceutical Take-Back Program
- d Administers the Recycling Resources Opportunity Program
- e Administers the Animal Feeding Operations Program

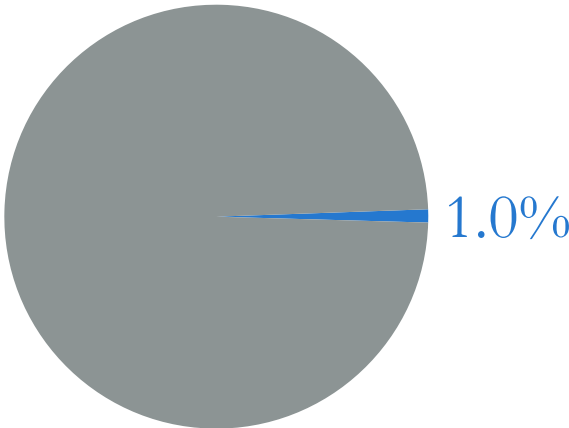
# Recent Appropriations

Public Health and Environment: Recent Appropriations (Entire Department)				
Funding Source	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
General Fund	\$204,564,309	\$136,082,791	\$148,708,828	\$142,761,380
Cash Funds	307,810,039	298,456,225	333,022,904	340,695,441
Reappropriated Funds	76,603,566	77,380,266	62,413,396	77,075,055
Federal Funds	323,061,448	332,162,194	325,997,176	327,255,148
<b>Total Funds</b>	<b>\$912,039,362</b>	<b>\$844,081,476</b>	<b>\$870,142,304</b>	<b>\$887,787,024</b>
Full Time Equivalent Staff	1,732.4	1,882.6	1,888.4	1,852.5

Public Health and Environment: Recent Appropriations (Admin. and Environment Divs.)				
Funding Source	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
General Fund	\$134,154,211	\$83,443,277	\$81,227,118	\$74,935,901
Cash Funds	91,008,975	147,259,960	181,862,779	188,093,186
Reappropriated Funds	57,782,180	58,212,651	42,603,591	56,990,856
Federal Funds	62,217,018	70,190,478	63,271,925	64,597,647
<b>Total Funds</b>	<b>\$345,162,384</b>	<b>\$359,106,366</b>	<b>\$368,965,413</b>	<b>\$384,617,590</b>
Full Time Equivalent Staff	813.1	930.4	980.1	946.0

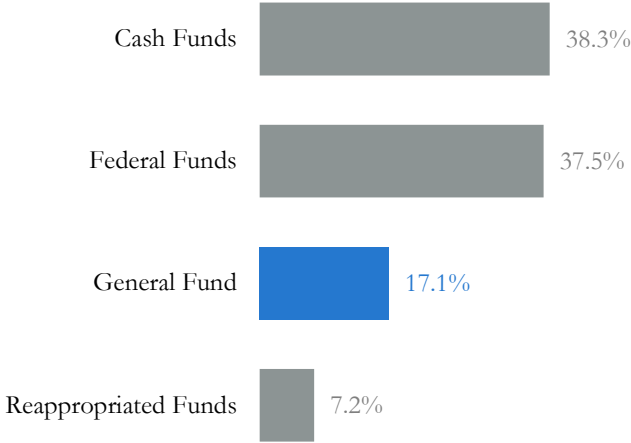
# Graphic Overview

## Department's Share of Statewide General Fund



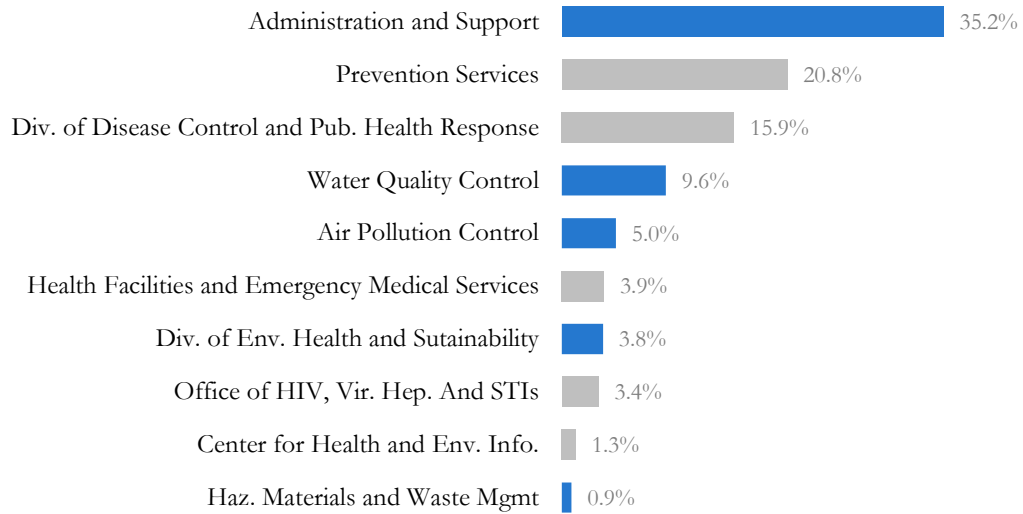
Based on the FY 2024-25 appropriation.

## Department Funding Sources



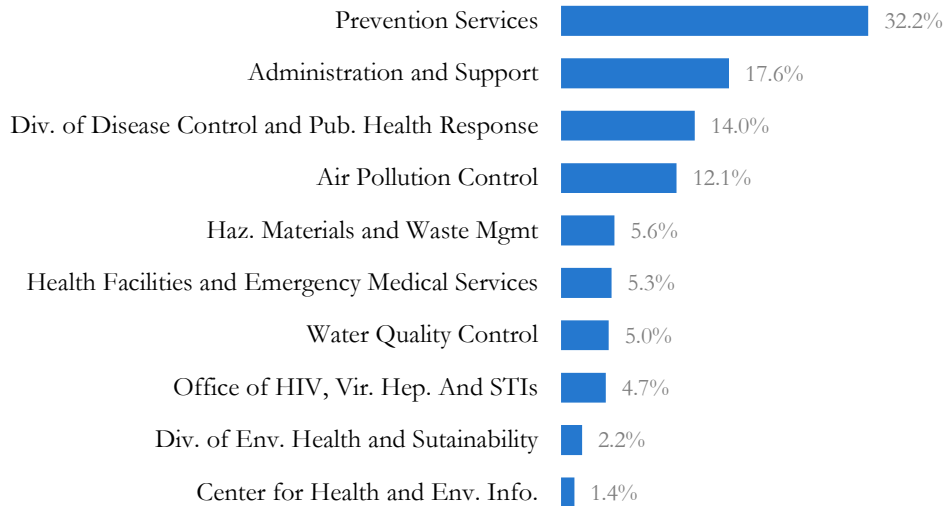
Based on the FY 2024-25 appropriation.

### Distribution of General Fund by Division



Based on the FY 2024-25 appropriation.

### Distribution of Total Funds by Division



Based on the FY 2024-25 appropriation.

# Cash Funds Detail

Department of Public Health and Environment (Administration and Environmental Divisions)				
Cash Funds Detail				
Fund Name	FY 2024-25 Approp.	Note	Primary Revenue Sources	Primary Uses in Dept.
Stationary Sources Control, CDPHE HUTF AIR Subaccount, Pollution Prevention, Ozone Protection	\$74,391,171		These funds are supported by the collection of fees from stationary sources, individuals registering vehicles, or facilities submitting hazardous chemical inventory reports.	Each fund supports the regulation of or activities around emissions and pollution.
End Users, Waste Tire Admin, Recycling Resources Economic Opportunity	15,619,735		These funds are supported by new tire fees and solid waste disposal user fees.	The End Users and Waste Tire Admin funds support the Waste Tire Program, and the Recycling Resources fund promotes economic development through management of discarded materials.
Hazardous Substance Response, Hazardous Waste Service, Solid and Hazardous Waste Commission, Solid Waste Management	14,374,331		Revenue for these funds includes permitting, registration, and user fees for entities that generate, transport, or dispose of solid and/or hazardous waste.	The collected fees fund the operations of the hazardous and solid waste management programs as well as remedial actions for superfund sites.
Water Quality Improvement, Water Quality Certification Sector, Drinking Water, Public and Private Utilities Sector, Biosolids Management Program, MS4 Sector, Pesticides Sector	5,611,004		Fund revenue includes permitting fees, and penalties related to the Clean Water and Safe Drinking Water Acts.	The fund supports regulatory activities surrounding water treatment, pesticide applications, and biosolid producers related to water quality.
Construction Sector, Commerce and Industry Sector	3,386,521		These funds are supported by annual fees for regulated activities in the construction and commerce and industry sectors.	Funds are utilized for regulation of a number of all industrial activities including mining, hydrocarbon refining, sugar processing, industrial storm water, manufacturing, as well as the construction sector.
Paint Stewardship Program, Lead Hazard Reduction, Radiation Control	2,751,600		Revenue sources include fees from paint stewardship organizations, permit certifications, and radioactive materials licensing.	These funds support the Architectural Paint Stewardship Program, certify and train individuals involved in lead based paint inspection or abatement, and radiation control services.
Wholesale Food and Storage Protection, Food Protection	2,333,696		Fee sources include registration fees for wholesale food manufacturers and warehouses and annual fees for retail food services establishment licenses.	Funds are used for inspection of manufacturers and food service locations.
Animal Feeding Operations, Housed Commercial Swine Feeding Operation, Dairy Protection	951,099		These funds are supported by registration and permitting fees from animal feeding operations, swine feeding operations, and dairy plants, shippers, and haulers.	These fees fund the permitting and oversight costs as well as the state's Dairy Licensing, Testing, and Sampling program.
Various	62,443,622			
<b>Total</b>	<b>\$181,862,779</b>			

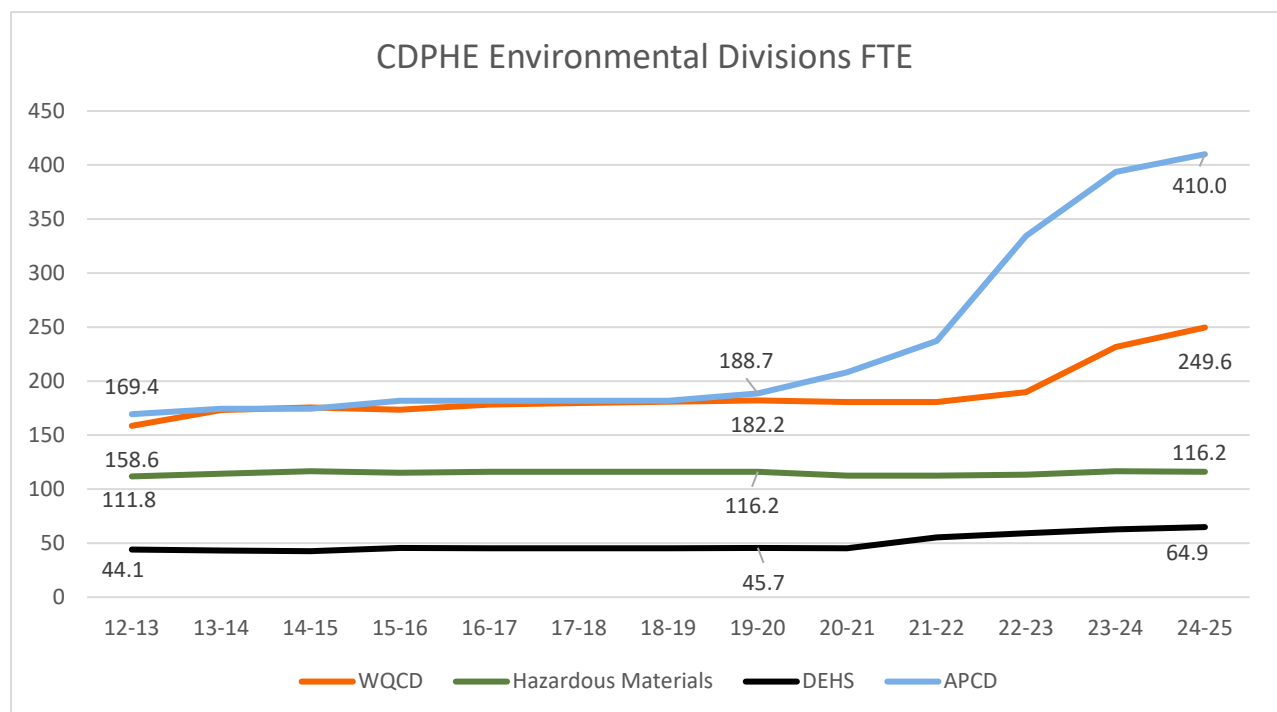


# General Factors Driving the Budget

Funding for the Department for FY 2024-25 consists of 17.1 percent General Fund (including appropriations from the General Fund Exempt account), 38.3 percent cash funds, 7.2 percent reappropriated funds, and 37.5 percent federal funds. Funding for the administration and environmental divisions covered in this briefing for FY 2024-25 consists of 22.0 percent General Fund, 49.3 cash funds, 11.6 reappropriated funds and 17.2 percent federal funds.

## Environmental Regulatory Staff

The Department is responsible for the regulation, inspection, and enforcement of numerous health and environment statutes designed to protect the health of Coloradans and the environment. In order to meet the growing regulatory workload, which is a result of both population growth and an increasing number of statutory and regulatory requirements, the Department has expanded regulatory resources in the environmental divisions. The figure below shows the FTE changes for each of the environmental divisions from FY 2012-13 through FY 2024-25.



- From FY 2012-13 through FY 2019-20, FTE growth was relatively small across all environmental divisions, only increasing by 10.1 percent in total over this period. This

growth was relatively even across divisions, with the Water Quality Control Division having the highest growth during the period, totaling 14.9 percent.

- Beginning in FY 2020-21, the environmental divisions of CDPHE have experienced rapid growth, with total FTE increasing by 57.8 percent over FY 2019-20 levels. This growth has largely been driven by the Air Pollution Control Division (117.3 percent), with the Water Quality Control Division (37.0 percent), and Division of Environmental Health and Sustainability (42.0 percent) also growing significantly. The Hazardous Materials and Waste Management Division has had no growth over this time.

## Environmental Divisions’ Primary Cash Funds

The four environmental divisions (APCD, WQCD, HMSWD, and DEHS) have historically been primarily cash funded, with each division utilizing multiple cash funds to cover operational expenditures for their programs. The revenues in these cash funds are derived primarily from program fees and are indicative of each division’s workload and programmatic scope; available revenue determines expenditures. The following table summarizes the three largest cash funds by appropriation for each of the four divisions.

FY 2023-24 Cash Fund Summary for Environmental Divisions				
Division	Cash Fund	Beginning Balance	Ending Balance	Net Revenue
Air Pollution Control Division	Stationary Sources Control Fund	\$34,071,638	\$34,319,259	247,621 <sup>1</sup>
	CDPHE HUTF AIR Subaccount	70,227	90,303	20,076
	Ozone Protection Fund	25,034	21,074	-3,961
Water Quality Control Division	Public and Private Utilities Sector Fund	1,718,788	1,996,351	277,563
	Water Quality Improvement Fund	3,785,754	4,437,708	651,954
	Construction Sector Fund	2,157,901	2,648,593	490,693
Hazardous Materials and Waste Management Division	End User Fund <sup>2</sup>	6,388,746	6,104,104	-284,642
	Hazardous Substance Response Fund	88,205	779,724	691,520 <sup>3</sup>
	Solid Waste Management Fund	- 98,070	1,075,863	1,173,933
Division of Environmental Health and Sustainability	Recycling Resources Economic Opportunity Fund <sup>4</sup>	176,165	92,062	-84,103
	Food Protection Cash Fund	1,348,693	1,295,275	-53,418
	Wholesale Food and Storage Protection Cash Fund	869,064	1,219,848	350,784

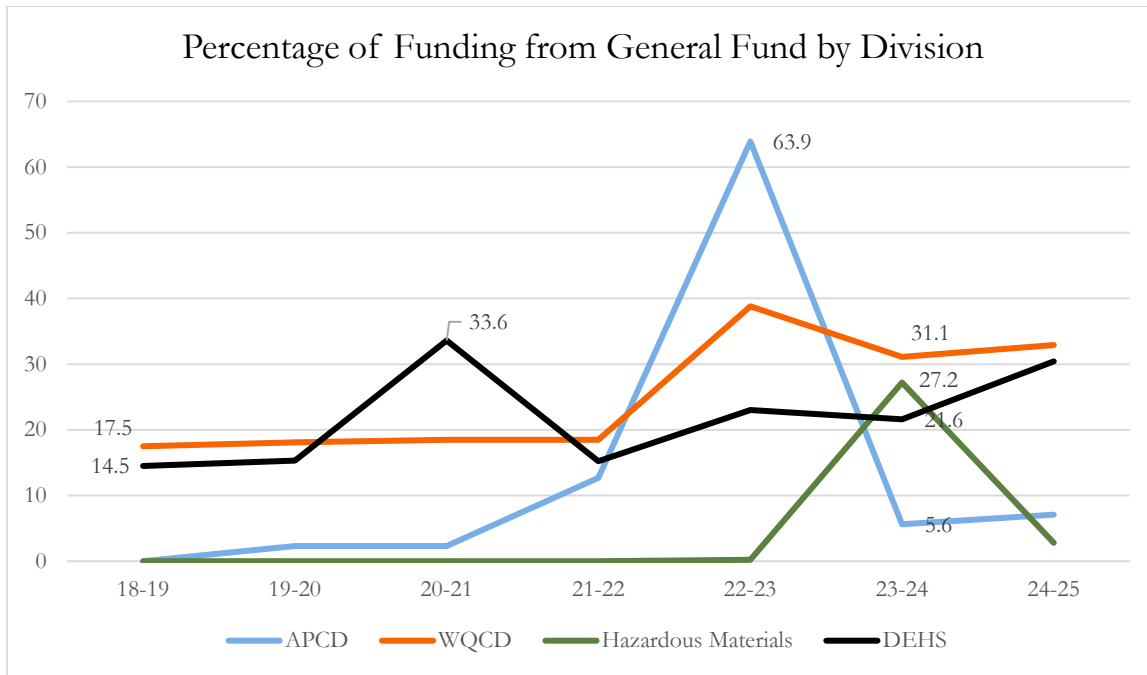
<sup>1</sup> The revenue total for the SSCF is inclusive of a \$10.0 million transfer from the Energy and Carbon Management Commission Cash Fund from the Department’s R2 Request in FY 2024-25.

<sup>2</sup> The End User Fund will be continuously appropriated to the Waste Tire Management Enterprise from the beginning of FY 2025-26. Data is based on projections from FY 2024-25.

<sup>3</sup> The revenue total for the HSRF is inclusive of \$5.8 million in transfers from the Hazardous Substance Response Fund in FY 2024-25. .

<sup>4</sup> The RREO fund will merged into the Colorado Circular Communities Fund, which will be continuously appropriated to the Colorado Circular Communities Enterprise from the beginning of FY 2025-26. Data is based on projections from FY 2024-25.

Over the past several years many of the programs in these division have been increasing their reliance on General Fund, as opposed to the cash funds paid into by the regulated community. The figure below illustrates annual changes in General Fund funding by division since FY 2018-19. The increase in General Fund has been driven by programmatic expansion prompted by the General Assembly, as well as federal actions. The intent of these General Fund appropriations was typically to implement or expand a program, which would then transition to being cash funded.



# Summary of Request

## Department of Public Health and Environment

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
H.B. 24-1430 (Long Bill)	\$863,318,324	\$143,192,695	\$331,715,057	\$62,413,396	\$325,997,176	1,867.6
Other Legislation	6,823,980	5,516,133	1,307,847	0	0	20.8
<b>Total</b>	<b>\$870,142,304</b>	<b>\$148,708,828</b>	<b>\$333,022,904</b>	<b>\$62,413,396</b>	<b>\$325,997,176</b>	<b>1,888.4</b>
<b>FY 2025-26 Requested Appropriation</b>						
FY 2024-25 Appropriation	\$870,142,304	\$148,708,828	\$333,022,904	\$62,413,396	\$325,997,176	1,888.4
R1 Stationary source sustainability and fees	717,571	0	717,571	0	0	-19.0
R2 Protecting water quality control	3,331,304	0	3,331,304	0	0	22.0
R3 Hazardous substance response fund solvency	1,365,730	0	1,365,730	0	0	0.0
R4 Env. agriculture program fee elim.	0	0	0	0	0	0.0
R5a Env. justice program technical adjustment	0	0	0	0	0	0.0
R5b Public health technical adjustments	0	0	0	0	0	0.0
R6 Electrifying school buses grant program transfer	0	0	0	0	0	0.0
R7 Nutrient grant fund and nat. disaster CF transfer	0	0	0	0	0	0.0
R8 LPHA 5% reduction	-945,220	-945,220	0	0	0	0.0
R9 Reduce coroner reimbursements	-79,500	-79,500	0	0	0	0.0
R10 HB23-1257 implementation savings	-141,880	-141,880	0	0	0	0.0
R11 Sunset disordered eating program	-91,398	-91,398	0	0	0	-1.0
R12 Sunset kidney disease task force	-86,549	-86,549	0	0	0	-0.5
Non-prioritized decision items	66,626	5,855	56,200	6,922	-2,351	0.0
Centrally appropriated line items	10,671,438	3,736,377	4,665,429	582,890	1,686,742	0.0
Annualize prior year legislation	4,960,426	-5,169,585	-3,994,989	14,125,000	0	-11.1
Indirect cost assessment	1,366,645	0	1,783,189	-52,493	-364,051	0.0
Annualize prior year budget actions	-3,265,293	-3,132,022	-262,644	126,352	3,021	-25.1
Technical adjustments	-225,180	-43,526	-116,265	0	-65,389	-1.2
<b>Total</b>	<b>\$887,787,024</b>	<b>\$142,761,380</b>	<b>\$340,568,429</b>	<b>\$77,202,067</b>	<b>\$327,255,148</b>	<b>1,852.5</b>
Increase/-Decrease	\$17,644,720	-\$5,947,448	\$7,545,525	\$14,788,671	\$1,257,972	-35.9
Percentage Change	2.0%	-4.0%	2.3%	23.7%	0.4%	-1.9%

\*Highlighted decision items will be covered in this briefing.

This briefing covers the administrative and environmental divisions of the Department. The following decision items, related to public health programs, will be covered in another briefing by Kelly Shen on December 9, 2024:

- **R5b Public health technical adjustments**
- **R8 LPHA 5% reduction**
- **R9 Reduce coroner reimbursements**
- **R11 Sunset disordered eating program**
- **R12 Sunset kidney disease task force**

**R1 Stationary sources sustainability and fees [Legislation required]:** The request includes a one-time \$14.0 million transfer from the General Fund to the Stationary Sources Control Fund (SSCF). Additionally, the Department requests an increase of \$2.8 million cash fund spending authority and a decrease of 19.0 FTE. The transfer would alleviate the budgetary shortfall in the SSCF as fee increases are phased in, with the Department projecting that the fund will reach long-term solvency in FY 2028-29. Meanwhile, the increased spending authority from the SSCF would replace the lapsing General Fund appropriations from previous legislative action. **This decision item will be covered in greater detail in a subsequent issue brief within this document.**

**R2 Protecting water quality control [Legislation required]:** The request includes an increase of \$3.3 million cash fund spending authority and 22.0 FTE. Additionally, the Department requests the following transfers into the clean water program cash funds:

- \$111,000 from the Water Quality Improvement Cash Fund to the Drinking Water Cash Fund
- \$7,037,128 from the Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) Cash Fund to the clean water cash funds over two years
  - In FY 2025-26, transfers \$3.5 million to the Clean Water Cash Fund
  - In FY 2026-27, transfers \$3.0 million to the Clean Water Cash Fund and \$0.5 million to the Drinking Water Cash Fund

The genesis of this request is due to the expiration of General Fund for the purpose of reducing the water permitting work of the Water Quality Control Division. The Environmental Protection Agency (EPA) target for water permitting is for 75 percent of permits be current, or a 25 percent backlog. Prior to FY 2023-24, the Department was only 25 percent current with a 75 percent backlog. The Department's FY 2023-24 R1 decision item was intended to reduce the backlog, and the current backlog has been reduced to 50 percent. Presently, the General Fund appropriation from the FY 2023-24 decision item is set to reduce in FY 2025-26, and the Department has suggested that this increased spending authority is necessary to reduce the permitting backlog, bringing the clean water permitting backlog into compliance with EPA guidelines.

**R3 Hazardous substance response fund solvency [Legislation required]:** The request includes a one-time \$6.0 million transfer from the General Fund to the Hazardous Substance Response Fund (HSRF) and an increase in cash fund spending authority of \$1.4 million. The HSRF was established to fund the state's hazardous material disposal needs, including management of Colorado's Superfund sites as required under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The Department requires a transfer from the General Fund to the HSRF while fees are phased in to bring the fund into solvency. Additionally, the Department has indicated that \$1.4 million in cash fund spending authority is necessary to meet statutory obligations under Section 25-16-104.6(2), C.R.S. for maintenance of Colorado's Superfund sites.

**R4 Environmental agriculture program fee elimination [Legislation required]:** The Department requests an elimination of the fee reversion to the Animal Feeding Operations Program. Base funding was established for the program in 2005. The fee was subsequently increased in 2009,

with a 3-year fee reversion provision, which would revert fee levels to 2005 levels. Industry-supported legislation extended this fee schedule in 2012, 2015 and 2018. The current fee is scheduled to repeal on June 30, 2025. Without legislative action, the Animal Feeding Operations Program would need to reduce staffing by approximately 50 percent, resulting in increased permitting backlogs and fewer field inspections. The Department estimates that this would increase non-compliance by up to 50 percent, resulting in greater environmental impact.

**R5a Environmental justice program technical adjustment:** The Department requests a letter note granting rollforward authority for \$959,310 General Fund through FY 2028-29. This request is due to H.B. 24-1338 (Cumulative Impacts and Environmental Justice), which granted rollforward authority for these funds for the purpose of funding environmental equity and cumulative impact analysis (EECIA) studies.

**R6 Electrifying school buses grant program transfer [Legislation required]:** The request includes a proposal to transfer \$38.5 million from the Electrifying School Buses Grant Program Fund to the General Fund. This would be done through two transfers: a transfer of \$14.0 million in FY 2024-25 and a transfer of \$24.5 million in FY 2025-26. The Electrifying School Buses Grant Program Cash Fund was established through S.B. 22-193 (Air Quality Improvements Investment), which appropriated \$65.0 million General Fund to the grant program. The purpose of the program is to assist school districts in transitioning from diesel-powered school buses to electric vehicles. The Department has suggested that this transfer will have minimal programmatic impact because of a concurrent federal electric school bus grant program established through the Investment Infrastructure and Jobs Act.

**R7 Nutrient grant fund and natural disaster cash fund transfer [Legislation required]:** The Department requests a transfer of \$388,790 from two inactive water quality control fund sources to the General Fund:

- \$192,500 from the Nutrients Grant Cash Fund
- \$196,290 from the Natural Disaster Cash Fund

These grant programs are currently inactive due to repeal. Consequently, transferring these funds will have no programmatic impact.

**R10 HB23-1257 implementation savings:** The request includes a reduction of \$141,880 General fund due to implementation savings from H.B. 23-1257 (Mobile Home Park Water Quality). The Department was appropriated \$2.3 million for contractor services to implement the legislation. Delays in procurement resulted in savings of \$141,880 below the initial appropriation for mobile home park water quality testing.

**Non-prioritized decision items:** The request includes a net increase of \$66,626 total funds, including \$5,855 General Fund, for requests that originate in the Department of Personnel and Health Care Policy and Financing.

Non-prioritized decision items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP1 Annual fleet vehicle request	\$68,247	\$5,855	\$56,200	\$6,192	\$0	0.0
NP2 OAC staffing	730	0	\$0	730	0	0.0

Non-prioritized decision items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP3 HCPF convert contractor to FTE	-2,351	0	0	0	-2,351	0.0
<b>Total</b>	<b>\$66,626</b>	<b>\$5,855</b>	<b>\$56,200</b>	<b>\$6,922</b>	<b>-\$2,351</b>	<b>0.0</b>

**Centrally appropriated line items:** The request includes a net increase of \$10.7 million total funds, including \$3.7 million 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
Salary survey	\$7,747,447	\$1,465,183	\$3,319,924	\$890,239	\$2,072,101	0.0
Health, life, and dental	5,636,476	1,233,144	1,362,304	926,878	2,114,150	0.0
AED and SAED adjustment	2,168,701	602,586	871,407	289,054	405,654	0.0
Step Plan	1,421,008	343,403	686,650	245,252	145,703	0.0
Payments to OIT	876,624	375,746	496,144	4,734	0	0.0
CORE operations	496,988	703,545	0	-206,557	0	0.0
Paid Family & Medical Leave Insurance	95,189	24,714	39,213	13,008	18,254	0.0
Short-term disability	32,688	9,196	13,071	4,336	6,085	0.0
DPS Digital trunk radio	9,096	9,096	0	0	0	0.0
Capitol Complex leased space	1,358	100	0	1,258	0	0.0
Prior year salary survey	-4,643,012	-398,517	-1,406,202	-396,687	-2,441,606	0.0
FY 2024-25 Step Plan	-1,530,407	-194,527	-523,605	-178,676	-633,599	0.0
Legal services	-791,322	-233,752	-131,783	-425,787	0	0.0
PERA direct distribution	-355,716	-68,915	-59,842	-226,959	0	0.0
Risk management & property	-336,786	-108,767	0	-228,019	0	0.0
ALJ services	-87,389	-25,748	-1,852	-59,789	0	0.0
Workers' compensation	-69,505	-110	0	-69,395	0	0.0
<b>Total</b>	<b>\$10,671,438</b>	<b>\$3,736,377</b>	<b>\$4,665,429</b>	<b>\$582,890</b>	<b>\$1,686,742</b>	<b>0.0</b>

**Annualize prior year legislation:** The request includes a net increase of \$5.0 million total funds, including reductions of \$5.2 million General Fund and 11.1 FTE, to reflect the FY 2025-26 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
HB23-1194 Closed landfills	\$14,000,000	\$0	0	\$14,000,000	\$0	0.0
SB24-223 Gamete bank and fertility clinic program	250,000	125,000	\$0	125,000	0	0.0
HB24-1338 Cumulative impact and env. justice	187,636	187,636	0	0	0	0.5
HB24-1457 Asbestos and lead pain abatement grant prog	160,000	0	160,000	0	0	0.5
SB24-121 Licensure of critical access hospitals	100,575	55,271	45,304	0	0	0.2
SB23-002 Medicaid reimbursement	28,000	28,000	0	0	0	0.0
SB23-290 Natural medicine regulation	26,138	26,138	0	0	0	0.6
SB24-037 Study green infrastructure for water quality	19,933	19,933	0	0	0	0.1
HB22-1298 Health benefits	10,866	10,866	0	0	0	0.0
SB24-167 Training for entry-level healthcare workers	8,985	8,985	0	0	0	0.2
HB22-1244 Toxic air contaminants	0	-4,853,975	4,853,975	0	0	0.0
SB22-147 Behavioral healthcare for children	0	0	0	0	0	-0.3

### Annualize prior year legislation

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB24-007 Behavioral health first aid training	0	0	0	0	0	-0.1
SB24-123 Waste tire management enterprise	-8,864,536	0	-8,864,536	0	0	-7.8
HB24-1379 Regulate dredge and fill state waters	-376,718	370,921	-747,639	0	0	-4.0
HB24-1262 Maternal health midwives	-259,374	-259,374	0	0	0	0.0
SB24-229 Ozone mitigation measure	-117,176	-753,157	635,981	0	0	-0.3
HB24-1115 Prescription drug label accessibility	-80,000	-80,000	0	0	0	0.0
SB22-182 Economic mobility	-41,193	0	-41,193	0	0	0.0
HB23-1242 Water conservation	-32,911	0	-32,911	0	0	-0.3
SB24-142 Oral health screening in schools	-20,245	-20,245	0	0	0	-0.1
Outdoor nature-based preschool programs	-18,963	-18,963	0	0	0	-0.2
SB23-186 COGCC study methane	-9,951	-9,951	0	0	0	-0.1
SB24-175 Improving perinatal health outcomes	-6,670	-6,670	0	0	0	0.0
SB23-148 Illegal drug labs	-3,970	0	-3,970	0	0	0.0
<b>Total</b>	<b>\$4,960,426</b>	<b>-\$5,169,585</b>	<b>-\$3,994,989</b>	<b>\$14,125,000</b>	<b>\$0</b>	<b>-11.1</b>

**Indirect cost assessment:** The request includes net adjustments to indirect costs across all divisions.

**Annualize prior year budget actions:** The request includes a net decrease of \$3.3 million total funds, including a reduction of \$3.1 million General Fund, for the out-year cost of prior year budget actions.

### Annualize prior year budget actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY24-25 R3 Sustainable funding for facility lice	\$591,519	-\$2,348	\$593,867	\$0	\$0	0.0
FY24-25 R9 OHE and env. justice	98,235	13,365	25,119	56,720	3,031	0.0
FY24-25 BA1 Medicaid facility oversight	69,632	0	0	69,632	0	0.3
FY24-25 R10 Office of health equity tribal relations	19,839	19,839	0	0	0	0.1
FY24 R15 DETC	7,370	0	7,370	0	0	0.0
FY24 R1 Protective Water Quality	-2,581,661	-2,581,661	0	0	0	-26.0
FY 2024-25 BA5 Waste tire program	-745,000	0	-745,000	0	0	0.0
FY 2024-25 R8 Lead testing support	-326,048	-326,048	0	0	0	0.3
Annualize Long Bill amendment for gametes	-229,335	-229,335	0	0	0	0.0
FY24-25 BA2 Evidential breath testing database	-144,000	0	-144,000	0	0	0.0
FY24-25 R4 State syphilis response	-25,834	-25,834	0	0	0	0.2
FY24-25 NP4 HCPF convert contractor to FTE	-10	0	0	0	-10	0.0
<b>Total</b>	<b>-\$3,265,293</b>	<b>-\$3,132,022</b>	<b>-\$262,644</b>	<b>\$126,352</b>	<b>\$3,021</b>	<b>-25.1</b>

**Technical adjustments:** The request includes reductions of \$225,180 total funds and 1.2 FTE, including a reduction of \$43,526 General Fund, related to FTE adjustments and the transfer of behavioral health facility licensing from the Department to the Behavioral Health Administration.



# Budget Reduction Options

The Executive Budget Request includes reductions of \$1,081,245 General Fund for the Department of Public Health and Environment, Administration and Environmental Divisions (Administration and Support Division, Air Pollution Control Division, Water Quality Control Division, Hazardous Materials and Waste Management Control Division, and Division of Environmental Health and Sustainability), representing 1.4 percent of the General Fund appropriations in this section of the budget. This issue brief reviews these proposals and additional options identified by staff.

## Summary

- The Department of Public Health and Environment, Administration and Environmental Divisions (Administration and Support Division, Air Pollution Control Division, Water Quality Control Division, Hazardous Materials and Waste Management Control Division, and Division of Environmental Health and Sustainability), represents 0.5 percent of total state General Fund appropriations in FY 2024-25. The Executive budget request includes proposed reductions of \$1,081,245, representing 1.4 percent of the General Fund appropriations in this section of the budget.
- The Department has identified cash fund transfers to the General Fund from cash funds totaling \$14.4 million in FY 2024-25 and \$24.5 million in FY 2025-26 in the request. The Department has also requested \$20.0 million in transfers from the General Fund to the Department, yielding net General Fund relief of \$18.9 million.
- Statewide budget reduction measures are estimated to provide approximately \$1.5 million in General Fund relief.
- Staff has identified cash fund transfer options, General Fund reductions, and refinances of General Fund which could collectively provide \$12.3 million in General Fund relief.

## Recommendation

- Staff recommends that the Department discuss the Department proposals and staff options in its budget hearing, focusing particularly on transfers from the PFAS Cash Fund and the Community Impact Cash Fund, as well as a reduction in the General Fund appropriation to the Mobile Home Park Water Quality Fund.

## Discussion

### Funding History FY 2018-19 to FY 2024-25

The Department of Public Health and Environment, Administration and Environmental Divisions (Administration and Support Division, Air Pollution Control Division, Water Quality Control Division, Hazardous Materials and Waste Management Control Division, and Division of

Environmental Health and Sustainability) represent 0.5 percent of total state General Fund appropriations in FY 2024-25. As reflected in the table below, General Fund in this section of the budget has increased by 207.5 percent since FY 2018-19 after adjustments for inflation. This is more than the statewide increase in General Fund appropriations of 11.3 percent over the same period after adjustments. Over the same period total funding in this section of the budget, after adjustments, has changed by 75.2 percent.

FY 2018-19 to FY 2024-25 Appropriations Comparison - Adjusted for Inflation					
Fund	FY 2018-19		FY 2024-25	Increase/ -Decrease after inflation adjustment	
	Nominal	FY 24-25 Dollars		Amount	Percent
General Fund	\$20,857,508	\$26,416,802	\$81,227,118	\$54,810,316	207.5%
Total Funds	\$166,279,417	\$210,599,006	\$368,965,413	\$158,366,407	75.2%

## Budget Requests for General Fund Relief

For this section of the budget, the base budget request includes proposals for General Fund relief totaling \$1,506,254, representing 1.9 percent of the General Fund appropriations. The proposals for General Fund relief are summarized in the table below. Some of the proposals require statutory change.

Budget Requests for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
<b>Revenue Enhancements</b>				
R1 Transfer certain interest income revenue subject to TABOR	\$1,034,803	-\$1,034,803	Y	This request proposes to transfer interest from multiple cash funds to the General Fund. Within the environmental divisions of the Department, this includes the Natural Resources Damage Recoveries Fund (\$459,492 transfer), the Decommissioning Fund (\$437,943), and the Hazardous Substance Settlement Fund (\$137,368). This request is ongoing. <sup>5</sup>
Subtotal - Revenue	\$1,034,803	-\$1,034,803		
<b>Expenditure Reductions</b>				
R4 GF reduction for program lines	-\$223,327 <sup>6</sup>	\$0	N	This request combines Personal Services and Operating Expenses lines across all state agencies and reduces the appropriation for these lines by 1.0 percent ongoing.

<sup>5</sup> The request also includes transfers to the General Fund in FY 2024-25 from these funds, as well as the Process and End Users Fund. These transfers total \$1,549,344 in General Fund relief for the current fiscal year.

<sup>6</sup> This total represents the reduction for this proposal across the entire Department.

Budget Requests for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
R5 Round to the nearest \$1,000 <sup>7</sup>	-\$48,124	-\$2,952	N	The request includes a one-time adjustment to round appropriations for General Fund and cash funds down to the nearest 1,000. The request also rounds appropriations for reappropriated funds to the nearest 1,000 and federal funds up to the nearest 1,000.
R8 Realize boards and commissions efficiencies	-\$200,000 <sup>8</sup>	\$0	Y	The request aims to end redundant boards and commissions across state departments.
Subtotal - Expenditures	-\$471,451	-\$2,952		
Net General Fund Relief	\$1,506,254			

## Additional Options for JBC Consideration

The table below summarizes options identified by the JBC staff that the Committee could consider in addition to or instead of the options presented in the budget request.

A General Fund reduction of 5.0 percent to the sections of the budget covered in this briefing would require a reduction of \$3.7 million. Staff has identified potential General Fund relief options totaling \$12.3 million.

Additional Options for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
<b>Revenue Enhancements</b>				
Community Impact Cash Fund Transfer to GF	\$5,000,000	-\$5,000,000	Y	This fund is used primarily for environmental mitigation in disproportionately impacted communities. It has accumulated a fund balance of \$7.1 million Presently, program expenditures approximately match revenues. A one-time transfer of \$5.0 million should not affect program operations.
PFAS Cash Fund Transfer to GF	\$4,537,199	-\$4,537,199	Y	This fund is used primarily for a grant program and take back program of PFAS compounds. It has accumulated a fund balance of \$16.8 million as of the end of FY 2023-24, with and excess reserve of \$4.5 million. A one-time transfer of \$4.5 million should not affect program operations.
Subtotal - Revenue	\$9,537,199	-\$9,537,199		
<b>Expenditure Reductions</b>				

<sup>7</sup> The totals for R5 (Round to nearest \$1,000) are for the entire Department

<sup>8</sup> The total for R8 (Realize Board and Commissions Efficiencies) is for the entire statewide reduction. The majority of the identified boards are housed within the Department.

Additional Options for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
Refinance Commerce and Industry Sector and Construction Sector line items	-\$300,000	\$300,000	N	Under current law, these programs may be funded by the GF or the Commerce and Industry Sector/Construction Sector cash funds. This option would reduce General Fund reliance for these programs.
Refinance of Drinking Water Program from PFAS Cash Fund	-1,500,000	1,500,000	N	Under current law, these programs may be funded by the GF or the PFAS cash fund. This option would reduce General Fund reliance for these programs.
Reduce GF appropriation to the Mobile Home Park Water Quality Fund	-1,000,000	0	N	This option would reduce General Fund to the Mobile Home Park Water Quality Fund.
Subtotal - Expenditures	-\$2,800,000	\$1,800,000		
<hr/>				
Net General Fund Relief	\$12,337,199			

## Revenue Enhancements

### Community Impact Cash Fund Transfer to GF

*Description:* Bill to transfer \$5.0 million from the Community Impact Cash Fund (CICF) to the General Fund.

*Key Considerations:* The Community Impact Cash Fund is used for environmental mitigation projects and to fund the environmental justice advisory board. The CICF is expected to have revenues of \$2.4 million, with expenditures at approximately the same level in the coming fiscal years. Currently, the fund is projected to have a balance of \$7.1 million at the end of FY 2024-25.

*Additional background:* Fees are set in statute (25-7-122, C.R.S) and are related to violating emission and permitting laws. The statute diverts penalty revenue collected by the Air Quality Control Division from the General Fund to the CICF, as follows:

- 20 percent in FY 2021-22, resulting in a diversion of approximately \$400,000;
- 40 percent in FY 2022-23, resulting in a diversion of approximately \$800,000;
- 60 percent in FY 2023-24, resulting in a diversion of approximately \$1,200,000;
- 80 percent in FY 2024-25, resulting in a diversion of approximately \$1,600,000; and
- 100 percent in FY 2025-26 and ongoing, resulting in a diversion of approximately \$2,000,000.

The fund is continuously appropriated to the Department.

Community Impact Cash Fund				
	FY 2023-24 ACTUAL	FY 2024-25 ESTIMATE	FY 2025-26 ESTIMATE	FY 2026-27 ESTIMATE
Beginning FY Balance	\$1,331,739	\$8,055,552	\$7,105,552	\$7,127,052
Revenues	\$7,608,101	2,000,000	2,400,000	2,400,000
Expenditures	-884,288	-2,950,000	-2,378,500	-2,407,855
Ending FY Balance without transfer	\$8,055,552	\$7,105,552	\$7,127,052	\$7,119,197

Community Impact Cash Fund				
	FY 2023-24 ACTUAL	FY 2024-25 ESTIMATE	FY 2025-26 ESTIMATE	FY 2026-27 ESTIMATE
Transfer Option				
Ending FY Balance after transfer				

## PFAS Cash Fund Transfer to GF

*Description:* Bill to transfer \$3.0 million from the Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) Cash Fund to the General Fund.

*Key Considerations:* The Department has requested two transfers from the PFAS cash fund as part of the FY 2025-26 budget request (Item R2). These transfers, one for FY 2024-25 and FY 2025-26, are accounted for in the base estimates of cash fund balances for the Department. Even inclusive of these transfers from R2, the PFAS Cash Fund is expected to have an excess reserve totaling \$4.5 million at the end of FY 2024-25. Furthermore, this excess reserve is projected to total \$10.5 million by the end of FY 2027-28 due to revenues exceeding expenditures.

The Fund, created at 8-20-206.5 (7)(a), C.R.S., is continuously appropriated to the Department.

Perfluoroalkyl and Polyfluoroalkyl Substances Cash Fund				
	FY 2023-24 ACTUAL	FY 2024-25 ESTIMATE	FY 2025-26 ESTIMATE	FY 2026-27 ESTIMATE
Beginning FY Balance	\$13,999,910	\$16,807,289	\$7,227,807	\$6,341,317
Revenues	6,727,234	6,727,234	6,727,234	6,727,234
Expenditures	-3,900,152	-16,306,716	-7,613,724	-4,299,918
Ending FY Balance without transfer	\$16,807,289	\$7,227,807	\$6,341,317	\$8,768,632
Transfer Option				
Ending FY Balance after transfer				

## Expenditure Reductions

### Refinance Commerce and Industry Sector and Construction Sector line items

*Description:* Budget option would increase funding for the Commerce and Industry Sector and Construction Sector line from the Commerce and Industry Sector Cash Fund (\$50,000) and the Construction Sector Fund (\$250,000), decreasing the use of General Fund.

*Key Considerations:* The Commerce and Industry Fund has a projected year end fund balance of \$617,890, with an out-year projected surplus of \$86,000. The Construction Sector Fund has a projected year end fund balance of \$2.6 million, with an out-year projected surplus of \$287,000. Both cash funds would be able to support the partial refinance of General Fund ongoing.

### Refinance of Drinking Water Program from PFAS Cash Fund

*Description:* Budget option would increase funding for the Drinking Water Program from the PFAS cash fund, decreasing the use of General Fund by \$1.5 million.

*Key Considerations:* The Department has requested two transfers from the PFAS cash fund as part of the FY 2025-26 budget request (Item R2). These transfers, one for FY 2024-25 and FY 2025-26, are accounted for in the base estimates of cash fund balances for the Department. Even inclusive of these transfers from R2, the PFAS Cash Fund is expected to have an excess reserve totaling \$4.5 million at the end of FY 2024-25. Furthermore, this excess reserve is projected to total \$10.5 million by the end of FY 2027-28 due to revenues exceeding expenditures.

The increase in PFAS expenditures should be absorbable ongoing, due to a projected budgetary surplus of \$2.4 million to the PFAS Cash Fund in FY 2026-27 and beyond.

### Reduce GF appropriation to the Mobile Home Park Water Quality Fund

*Description:* Budget option would decrease the General Fund appropriation to the Mobile Home Park Water Quality Fund by \$1.0 million for FY 2025-26 and FY 2026-27.

*Key Considerations:* The Mobile Home Park Water Quality Fund, established in 25-20.5-1102 (1), C.R.S., funds the testing program for mobile home park water quality within the Water Quality Control Division. The program was established through H.B. 23-1257 (Mobile Home Park Water Quality). A General Fund appropriation to the cash fund of \$3.6 million initialized the program in FY 2023-24, with subsequent transfers of \$4.8 million to the cash fund in FY 2024-25 and ongoing. The expectation was that the entire transfer would be reappropriated to the Department for the mobile home park water quality program. However, the Department underexpended the appropriation by \$2.3 million in FY 2023-24. This has resulted in an ongoing balance of \$2.3 million in the fund, which could be used to reduce General Fund expenditures by \$1.0 million in each of the next two fiscal years.

*Additional Information:* The Department's R10 request includes a reduction in General Fund appropriation of \$141,000 for due to savings from implementation of H.B 23-1257.

# Issue: Stationary Sources Control Fund

The Department of Public Health and Environment (CDPHE) is tasked with air pollution control, with the Stationary Sources Control Fund (SSCF) being a major source of revenue for these efforts. The SSCF is funded primarily through fees on emissions for stationary sources, with existing fees based on tonnage of emissions. In turn, these fees are used by the Department to support anti-pollution initiatives. Under present conditions, the SSCF faces insolvency, with the fund expected to have a negative balance early in FY 2026-27. On the expenditure side, this has largely been driven by increased costs due to legislative changes and recent budgetary requests by the Department as well as increasing federal standards regarding ozone nonattainment and other forms of pollution. Meanwhile, on the revenue side, many of these legislative changes were implemented with short-term General Fund, with the expectation that the programs would become cash funded after the initial implementation phase. However, fee revenues have lagged, which has created solvency issues within the SSCF as programs transition to being fully cash funded.

## Summary

The SSCF is facing insolvency due to expenditures exceeding revenues. In recent years, the General Assembly has made General Fund appropriations to the department due to legislative and budgetary changes, including H.B. 21-1266 (Environmental Justice and Greenhouse Gas programs), H.B. 22-1244 (Protections From Air Toxics), and the FY 2023 Air Quality Transformation Decision Item (CDPHE R-01). These appropriations were made to cover increased short-term demands on the SSCF. The Department's R1 request for this year includes an increase of \$2.8 million in cash fund spending authority to account for these General Fund appropriations.

- The Department has suggested transferring \$14 million from the General Fund to the SSCF in an effort to bring the fund into long-term solvency.
- The Department has proposed phased fee increases through FY 2028-29 as a means of increasing SSCF revenues.
- The Department's R1 request for this year includes a \$2.8 million increase in cash fund spending authority. This represents continuation level funding for air quality programs with lapsing General Fund appropriations.

## Discussion

Increased expenditure from the SSCF has largely been driven by legislative changes. In recent legislative sessions, the General Assembly has appropriated approximately \$56 million General Fund to support clean air initiatives through H.B. 21-1266 (\$5.1 million), H.B. 22-1244 (\$5.6 million) and in a FY 2022-23 Long Bill decision item, R01 Air quality transformation (\$45.3 million). This funding was granted in response to the high priority need identified by the legislature, with the expectation that a longer-term funding source would be identified in the

future. Funding from H.B. 21-1266 lapsed at the end of FY 22-23, while the funding for H.B. 22-1244 and the Air Quality decision item will lapse at the end of FY 24-25. The following sections describe Department proposals, which the Department has suggested will bring the fund into long-term solvency by FY 2028-29.

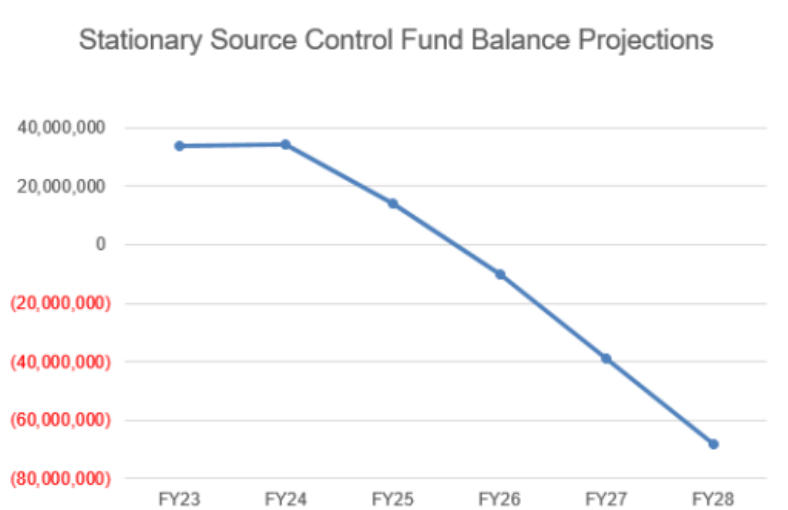
## SSCF Solvency Actions in FY 2024-25

Maintaining solvency of the Stationary Sources Control Fund remains an ongoing problem for the Department. In the current fiscal year, the Department has taken the step of implementing the greenhouse gas fee H.B. 21-1266 (Environmental Justice Disproportionate Impacted Community). This has generated an additional \$6.5 million in revenue to the SSCF, closing the funding gap by approximately 20 percent. Furthermore, the Committee took action on this problem last year with a transfer of \$10.0 million from the Energy and Carbon Management Commission Cash Fund to the SSCF.

## General Fund Transfer

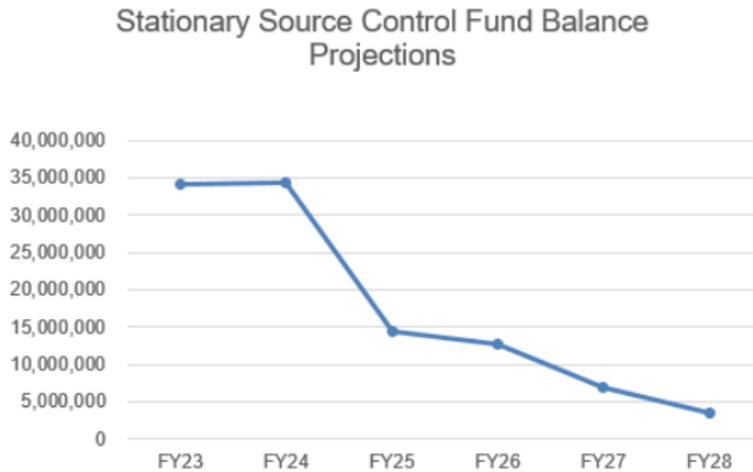
Under current conditions, the Department projects that the SSCF will be insolvent early in FY 2026-27. The Department has proposed a transfer of \$14 million in General Fund to the SSCF as a measure to bridge the funding gap while fee revenue is increased. The request proposes the Department to phase in new fee sources and fee increases to close the funding gap. The following figures show the projected SSCF balance with and without the General Fund transfer to the SSCF.

**Chart 1: Stationary Sources Control Fund Balance without Action**





**Chart 2: Stationary Sources Control Fund Balance with R-01 Proposed Action**



## Factors Driving SSCF Insolvency

### Rising Expenditures

The expenditures from the SSCF have increased dramatically in recent years due to legislative action and federal air quality standards. The following are the largest drivers of SSCF expenditures:

- FY23-24 R1 Decision Item (Air Quality Transformation): The Department has indicated that the annual cost of this programmatic expansion is \$20.0 million. General Fund appropriations for these costs are lapsing at the end of FY 2024-25.
- H.B. 21-1266 (Environmental Justice Disproportionate Impacted Community): The annual cost of this legislation is estimated at \$7.3 million dollars. The bill also required the implementation of a greenhouse gas fee, which generates \$6.5 million in revenue. This leaves a funding gap of \$800,000.
- H.B. 22-1244 (Toxic Air Contaminants): The annual cost of this legislation is \$6.9 million. These expenditures are scheduled to transition from General Fund to the SSCF beginning in FY 2025-26.
- S.B. 24-229 (Ozone Measures): The annual cost of this legislation is \$800,000. These expenditures are scheduled to transition from General Fund to the SSCF in FY 2025-26.
- IT Modernization: The cost of phase two in the SSCF IT modernization will cost \$4.5 million.

### Fees

The Department has proposed a plan for increasing fee revenue to bring the SSCF into solvency by FY 2028-29. One revenue difficulty identified by the department is related to increases in fees not being directly proportional to increases in revenue. From FY 19-20 to 22-23, the fee per ton of emissions increased by approximately 26 percent. However, actual revenues to the SSCF remained relatively stagnant during that time, indicating a decrease in total fee-eligible

pollutants. As such, further fee increases are necessary. The Department has already begun taken steps to this end, with the implementation of the greenhouse gas fee in the current fiscal year. The Department plans to phase in additional fee increases through FY 2028-29, with the goal of bringing the fund into solvency while minimizing the negative impacts on Colorado industry. The following table shows the estimated expenditure, revenue and year end balances of the SSCF under the Department’s proposed fee increases.

	CDPHE Proposed Solvency Plan				
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Beginning Balance	34,319,259	14,339,259	10,290,998	4,493,612	915,873
Expenditures	45,280,000	49,965,000	51,214,125	52,494,478	53,806,840
Revenue	25,300,000	45,916,739	45,416,739	48,916,739	50,916,739
Net Revenue	-19,980,000	-4,048,261	-5,797,386	-3,577,739	-2,890,101
Ending Balance	14,339,259	10,290,998	4,493,612	915,873	-1,974,228

Staff notes that the assumptions within the Department’s request appear to lead to insolvency in FY 2028-29. Staff will seek clarification from the Department on these assumptions prior to figure setting.

## Concluding Remarks

The Department seeks General Fund relief as a stop-gap measure to promote SSCF solvency in the medium- to long-term. During this period, the Department will implement phased fee increases to close the funding gap in the Air Pollution Control Division. If a General Fund transfer is not approved, the Department would need to both raise fees immediately and cut core services reliant on the SSCF. Furthermore, the Department is concerned that the large fee increase may have a deleterious impact on existing Colorado businesses and the perceptions of Colorado’s business climate. Lastly, this would stabilize the SSCF by providing a consistent source of funding in the short-term, since fee revenues have been identified by the Department as a more difficult revenue source to project. Staff also wishes to note that the General Fund transfer to the SSCF would be offset by transfers into the General Fund from other departmental cash funds, including the Electrifying School Buses Grant Program cash fund.

# Footnotes and Requests for Information

## Update on Long Bill Footnotes

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2024 Long Bill (H.B. 24-1430) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/HB24-1430> The Long Bill footnotes relevant to this document are listed below.

80 Department of Public Health and Environment, Administration and Support, Administration, Leave Payouts -- The Department may use this line item for leave payouts for cash funded and federal funded employees only.

**Comment:** This footnote represents legislative intent. The Department is in compliance with this footnote.

94 Department of Public Health and Environment, Water Quality Control Program, Clean Water Program, Water Quality Improvement -- This appropriation remains available until the completion of the project or the close of the 2025-26 state fiscal year, whichever comes first.

**Comment:** Due to the unpredictable nature of the work associated with these projects, this footnote ensures the work will not be impacted due to the timing of the fiscal year. This footnote provides the Department with the authority to expend the funds in this line item through June 30, 2026.

95 Department of Public Health and Environment, Hazardous Materials and Waste Management Division, Contaminated Site Cleanups and Remediation Programs, Contaminated Sites Operation and Maintenance -- Of this appropriation, \$1,169,181 General Fund and \$10,497,485 federal funds remain available until the completion of the project or the close of the 2025-26 state fiscal year, whichever comes first.

**Comment:** This footnote provides the Department with the authority to expend the funds in this line item through June 30, 2026.

96 Department of Public Health and Environment, Hazardous Materials and Waste Management Division, Contaminated Site Cleanups and Remediation Programs, Brownfields Cleanup Program -- This appropriation remains available until the completion of the project or the close of the 2025-26 state fiscal year, whichever comes first.

**Comment:** This footnote provides the Department with the authority to expend the funds in this line item through June 30, 2026.

# Update on Requests for Information

The Joint Budget Committee annually submits requests for information (RFIs) to executive departments and the judicial branch via letters to the Governor, other elected officials, and the Chief Justice. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as an Appendix in the annual Appropriations Report (Appendix H in the FY 2024-25 Report):

<https://leg.colorado.gov/sites/default/files/fy24-25apprept.pdf>

The RFIs relevant to this document are listed below.

## Requests Affecting Multiple Departments

Discuss RFIs affecting multiple or all departments here if applicable.

## Department of Public Health and Environment Requests

- 1 Department of Public Health and Environment, Hazardous Materials and Waste Management Division -- The Department is requested to provide a solvency plan through FY 2033-34 for the Hazardous Substance Response Fund to the Joint Budget Committee by November 1, 2024. The plan should include estimated expenditures for all line items supported by cash funds utilizing the solid waste user fee, assuming full staffing. Additionally, the plan should include a fee increase plan to maintain solvency under the assumption that activities supported by the solid waste user fee are fully cash funded.

**Comment:** The Department has complied the request for information from the Committee regarding the solvency of the Hazardous Substance Response Fund.

- 2 Department of Public Health and Environment, Air Pollution Control Division -- The Department is requested to provide the following information to the Joint Budget Committee by November 1, 2024: A long-term funding plan for the Stationary Sources Control Fund, and any proposed fee adjustments to other air quality related funds in order to implement the air quality transformation initiative. The air quality transformation initiative was provided \$45.3 million General Fund in FY 2022-23 to address the recent downgrade of the air quality status in the Denver Metropolitan/North Front Range area to severe nonattainment status by the United States Environmental Protection Agency.

**Comment:** The Department has complied with the request for information from the Committee regarding the solvency of the Stationary Sources Control Fund.

# Department Annual Performance Report

Pursuant to Section 2-7-205 (1)(b), C.R.S., the Department of Public Health and Environment is required to publish an **Annual Performance Report** for the *previous state fiscal year* by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the Department is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2025-26 budget request, the FY 2023-24 Annual Performance Report and the FY 2024-25 Performance Plan can be found at the following link:

<https://www.colorado.gov/pacific/performance/department-performance-plans>

# Appendix A: Numbers Pages

Appendix A details actual expenditures for the last two state fiscal years, the appropriation for the current fiscal year, and the requested appropriation for next fiscal year. This information is listed by line item and fund source.