

Joint Budget Committee Staff FY 2025-26 Budget Briefing Summary

Local Affairs

The Department of Local Affairs is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's FY 2024-25 appropriation represents approximately 0.9 percent of statewide operating appropriations and 0.5 percent of statewide General Fund appropriations.

Summary of Request

Department of Local Affairs						
Item	Total Funds	General Fund ¹	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 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
Total	\$380,742,859	\$70,674,185	\$166,951,010	\$18,265,146	\$124,852,518	245.8
FY 2025-26 Requested Appropriation						
FY 2024-25 Appropriation	\$380,742,859	\$70,674,185	\$166,951,010	\$18,265,146	\$124,852,518	245.8
R1 Ridge View Campus operating	2,000,000	2,000,000	0	0	0	3.7
R2 Board of Assessment Appeals legal assistant	150,000	0	150,000	0	0	0.9
R3 Analytics for unhoused Coloradans	267,816	267,816	0	0	0	2.4
R4 Defense Counsel on First Appearance Prgm	-392,159	-392,159	0	0	0	0.0
R5 Severance tax transfer	0	0	0	0	0	0.0
Non-prioritized decision items	24,199	1,277	18,127	4,795	0	0.0
Centrally appropriated line items	1,845,145	1,848,235	430,372	-591,112	157,650	0.0
Annualize prior year legislation	1,311,064	83,752	1,220,642	6,670	0	-0.1
Annualize prior year budget actions	5,090	-21,330	-46,098	59,343	13,175	0.1
Technical adjustments	-1,330	-1,330	0	0	0	-1.4
Total	\$385,952,684	\$74,460,446	\$168,724,053	\$17,744,842	\$125,023,343	251.4
Increase/-Decrease	\$5,209,825	\$3,786,261	\$1,773,043	-\$520,304	\$170,825	5.6
Percentage Change	1.4%	5.4%	1.1%	-2.8%	0.1%	0.0

¹ Includes General Fund Exempt.

R1 Ridge View Campus operating: 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. For additional information regarding this request, see the briefing issue included in this document.

R2 Board of Assessment Appeals legal assistant: 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 aide 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.

R3 Analysis for unhoused Coloradans: 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.

Colorado has four regional planning bodies, Continuums of Care, that work to address homelessness in their regions under a structure mandated by the federal Department of Housing and Urban Development (HUD). HUD requires use of a homeless management information system in each region, and the Department invested funds in 2018 to create a single statewide system (COHMIS). The system was enhanced with \$2.5 million in federal State and Local Fiscal Recovery Funds (ARPA funds) via H.B. 22-1377. The Department serves as administrator for the COHMIS system and is also the lead for the “Balance of State” Continuum of Care, which represents 54 rural counties.

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. Colorado already has the most comprehensive data set on the homeless population that has ever been assembled 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.

R4 Defense Counsel on First Appearance (DCFA) Grant Program: The request includes a one-time reduction of \$392,159 General Fund to the DCFA Grant Program. This program reimburses local governments for the costs of providing public defense counsel to defendants on their first appearance in municipal court if they are facing incarceration. This program was created by H.B. 18-1353 (Defense Counsel in Municipal Court Grant Program) and extended by S.B. 23-072 following a sunset review. The request identifies this program as “theory informed” under the S.B. 21-284 evidence categories. For additional information regarding this request, see the briefing issue included in this document.

R5 Severance tax transfer (requires legislation): The request proposes to transfer \$10.0 million from the Local Government Severance Tax Fund to the General Fund in FY 2025-26. 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 proposal would reduce total funds available for grants. For additional information regarding this request, see the briefing issue included in this document.

Non-prioritized decision items: The request includes a net increase of \$24,199, including \$1,277 General Fund, for the annual fleet vehicle request originating in the Department of Personnel.

Centrally appropriated line items: The request includes a net increase of \$1.9 million total funds, including \$1.8 million General Funds 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	\$634,768	\$14,712	-\$277,592	\$178,938	0.0
Salary survey	528,895	253,746	90,763	93,696	90,690	0.0
Legal services	383,780	449,222	-56,343	-9,099	0	0.0
CORE adjustment	240,605	67,883	118,162	38,302	16,258	0.0
Payments to OIT	229,446	-2,435	121,238	81,931	28,712	0.0
Step Plan	106,256	45,232	17,807	15,020	28,197	0.0
Capitol Complex leased space	48,861	-7,494	233,545	-78,183	-99,007	0.0
PERA direct distribution	40,379	96,050	-17,024	-45,166	6,519	0.0
AED and SAED adjustment	27,651	333,797	-95,203	-213,861	2,918	0.0
Paid Family & Medical Leave Insurance	1,244	15,021	-4,284	-9,624	131	0.0
Short-term disability	415	5,007	-1,428	-3,208	44	0.0
Indirect cost assessment	-212,767	0	-32,256	-84,761	-95,750	0.0
Leased space	-39,000	-12,825	0	-26,175	0	0.0
Risk management & property	-36,856	-17,382	19,333	-38,807	0	0.0
Workers' compensation	-21,605	-12,355	24,335	-33,585	0	0.0
Administrative law judge services	-2,985	0	-2,985	0	0	0.0
Total	\$1,845,145	\$1,848,235	\$430,372	-\$591,112	\$157,650	0.0

Annualize prior year legislation: The request includes a net increase of \$1.3 million total funds, including \$83,752 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 Accessory dwelling units	\$1,743,151	\$0	\$1,743,151	\$0	\$0	-0.2
HB 24-1219 First responder health benefits	250,000	250,000	\$0	0	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 residence prop tax reduction	19,004	19,004	0	0	0	0.3
SB 24-174 Affordable housing assistance	-498,475	0	-498,475	0	0	0.0
SB 24-233 Property tax	-108,413	-108,413	0	0	0	-0.5
HB 24-1313 Transit oriented communities	-65,000	0	-65,000	0	0	0.0
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
Total	\$1,311,064	\$83,752	\$1,220,642	\$6,670	\$0	-0.1

Annualize prior year budget actions: The request includes a net increase of \$5,090 total funds, including a reduction of \$21,330 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 24-25 Business product manager	\$5,090	\$0	0	\$5,090	\$0	0.1
FY 24-25 Salary survey	0	-19,735	-6,383	14,879	11,239	0.0
FY 24-25 Step Plan	0	-1,595	-39,715	39,374	1,936	0.0
Total	\$5,090	-\$21,330	-\$46,098	\$59,343	\$13,175	0.1

Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

Ridge View Campus Request: The Department’s R1 request is for \$2.0 million General Fund to operate the new Ridge View Campus for people experiencing homelessness, which is scheduled to open in FY 2025-26. The facility will include 198 transitional housing beds and 27 detoxification facility beds, in addition to a federally qualified health center (FQHC). The Department currently estimates annual ongoing costs of \$11.5 million General Fund, which will be partially offset with available one-time funds in the first two years.

Budget Reduction Options: The Executive Budget Request includes reductions of \$10.4 million General Fund for the Department of Local Affairs, representing 14.8 percent of the Department’s General Fund appropriations. This issue brief reviews these proposals and offers additional options identified by staff.

Severance Tax: The Executive Request proposes a one-time transfer of \$10.0 million from the Local Government Severance Tax Fund to the General Fund.

Defense Counsel on First Appearance Grant Program: The Department’s R4 request proposes a one-time General Fund reduction of \$392,159 to the Defense Counsel on First Appearance Grant Program, which would leave a General Fund appropriation of \$1,113,093 available for FY 2025-26.

Rental Assistance and Voucher Programs: This issue brief provides an overview of funding appropriated to and administered by the Division of Housing for rental assistance and voucher programs. Rental assistance programs consist of the federal Housing Choice Voucher program and State Housing Voucher programs. There are four individual vouchers that make up the State Housing Voucher program.

Affordable Housing Programs: This issue brief provides an overview of funding appropriated to and administered by the Division of Housing to expand the affordable housing stock across the state. This includes various federal and state programs including voter-approved measures such as Proposition 123.

For More Information

JBC Staff Analysts:

Amanda Bickel

(303) 866-4960

Amanda.bickel@coleg.gov

Andrea Uhl

(303) 866-4956

Andrea.uhl@coleg.gov

To read the entire briefing: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2024.