

Joint Budget Committee Staff FY 2025-26 Budget Briefing Summary

Public Health and Environment

The Department of Public Health and Environment is responsible for protecting and improving the health of the people of Colorado and ensuring the quality of Colorado's environment. The Department's FY 2024-25 appropriation represents approximately 2.0 percent of statewide operating appropriations and 1.0 percent of statewide General Fund appropriations.

The divisions included in this summary are the Administration and Support Division, Air Pollution Control Division, Water Quality Control Division, Hazardous Materials and Waste Management Division, and the Division of Environmental Health and Sustainability.

Summary of Request

Department of Public Health and Environment						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
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
Total	\$870,142,304	\$148,708,828	\$333,022,904	\$62,413,396	\$325,997,176	1,888.4
FY 2025-26 Requested Appropriation						
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

Department of Public Health and Environment						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Technical adjustments	-225,180	-43,526	-116,265	0	-65,389	-1.2
Total	\$887,787,024	\$142,761,380	\$340,568,429	\$77,202,067	\$327,255,148	1,852.5
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%

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.

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
NP3 HCPF convert contractor to FTE	-2,351	0	0	0	-2,351	0.0
Total	\$66,626	\$5,855	\$56,200	\$6,922	-\$2,351	0.0

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
Total	\$10,671,438	\$3,736,377	\$4,665,429	\$582,890	\$1,686,742	0.0

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

Annualize prior year legislation

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
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
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
Total	\$4,960,426	-\$5,169,585	-\$3,994,989	\$14,125,000	\$0	-11.1

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
Total	-\$3,265,293	-\$3,132,022	-\$262,644	\$126,352	\$3,021	-25.1

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.

Issues Presented

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

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. Staff options total approximately \$12.3 million in General Fund relief.

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.

For More Information

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