



This request responds to the information request made by the Joint Budget Committee on February 27, 2025.

JBC Staff Recommendation

The Colorado Department of Public Health and Environment (department) confirms that the Joint Budget Committee's staff recommendation for R-02 Protecting Water Quality Control budget request sustains progress in addressing the permit backlog and supporting regulated entities that rely on timely permitting. The JBC staff recommendation maintains the 22 FTE approved in FY 2023-24 by transitioning spending authority from General Fund to cash funds through fee increases and cash fund transfers. This net-neutral request does not expand state spending. Without this funding, the department would reverse gains made over the two years and exacerbate delays that impact communities, businesses, and water infrastructure projects across the state.

How did we get here?

The Water Quality Control Division (division) protects Colorado's lakes, rivers, and drinking water by regulating over 7,000 clean water fee payors and 2,000 drinking water fee payors statewide. The division ensures compliance with state and federal water quality laws by providing technical assistance, permit oversight, and enforcement to safeguard public health and the environment.

For decades, the division has struggled with insufficient funding, in part due to fees being set in statute. Before 2024, clean water fees had been raised only four times in 40 years despite increasingly complex federal regulations and a growing need for oversight. At the same time, federal funding has remained stagnant, leaving the division without sufficient resources to keep pace with demands.

Recognizing these challenges, the department raised the issue in 2022, leading to the FY 2023-24 R-01 funding request and proposing SB23-274, which moved fee-setting authority from statute to rule and adjusting fees through a robust stakeholder process.

Progress since FY 2023-24

In 2023, the JBC approved half of the department's request, granting 22 FTE and partial funding through FY 2024-25. JBC specifically recommended, as documented by the [FY 2023-24 figure setting document](#):

*Staff believes that the Clean Water Program and Drinking Water Program **do not currently have the resources to meet the objectives established by the EPA**. However, staff does not believe that General Fund is a long term funding solution for a division that has historically been supported by Federal (50 percent) and cash fund (31 percent) sources. For this reason, staff is recommending partial approval of the request, primarily for Environmental Protection Specialists, Engineers, and Data Management. Staff is recommending denial of the overhead costs of accounting and division IT staff, and out-year expansion of staffing.*

*With approval of two years' worth of General Fund the Department can **begin to address the issue of permitting and inspection backlogs** while also **develop and implement a plan to change the necessary fee structures to lessen the burden of General Fund in the future**. Staff **expects the Department to submit a future decision item** in which includes the sustainable balance of General Fund and cash funds to retain these FTE.*

With these resources, the division acted immediately and has met these directives. The division:

- Filled 22 FTE positions including 18 FTE to support clean water permitting and 4 FTE to support drinking water inspections.
- The division has begun to decrease the permit backlog from 75% to 50% as of July 1, 2024, and cut overdue drinking water inspections from 32% to 20%.
- Issued 5,422 permits this past year, a 60% increase from prior years.
- Held over 50 meetings with stakeholders to discuss how to modernize fee structures, evaluate additional services, and meet all SB23-274 requirements.
- Began to lessen the burden on General Fund by increasing the fees for fee-payers through one rulemaking in May 2024, preparing for a second rulemaking in October 2025 with additional fee increases, and developing a budget request.

Through the stakeholder engagement process, the division identified \$10.6 million and 70 FTE in resource needs. The department has taken a fiscally responsible approach given budget constraints, requesting only to maintain existing resources rather than expand operations. Instead of relying on the General Fund, this request proposes a cost-neutral shift to cash funds through a reasonable fee increase and targeted fund transfers. The division has already taken steps to implement this approach. In May 2024, fees increased by 13% for drinking water and one clean water sector. In October 2025, the division will implement a 13% fee increase for drinking water and a 14% increase for clean water. These measured increases, combined with fund transfers from the PFAS Fund and Water Quality Improvement Fund, ensure this request is budget-neutral while keeping permitting operations stable.

Making progress, but more work to do

Over the past two years, the division has successfully reduced the permit backlog for all permits from 75% to 50% between FY23-24 and FY24-25 due to the FY23-24 General Assembly’s investment, but when comparing the backlog between general permits and individual permits, more work needs to be done.

General permits account for approximately 90% of all the division’s permits, while individual permits make up the remaining 10%. As of November 1, 2024, the backlog for general permits that count towards EPA’s goal is 41% while individual permits are 81% backlogged. General permits cover multiple facilities, making them an extremely efficient tool for reducing permit backlogs. In contrast, individual permits are designed to cover a single facility, allowing for maximum operational flexibility. When discussing our backlog with the EPA and environmental regulation experts, we are often asked if we are maximizing the use of general permits. In Colorado, we can confidently say that we are. The division also focused on reducing the general permit backlog because general permits serve as a valuable training tool for new staff, as there is no formal academic training available for permit writing. The division provides essential on-the-job training to ensure staff competency.

We acknowledge that our backlog of individual permits remains high and that addressing this issue is our next priority. To accelerate progress, we have engaged a third-party consultant to evaluate our municipal wastewater individual permit processes. This initiative aims to streamline processing and improve efficiency. Given the complexity of these individual permits, we anticipate that the consultant’s recommendations will inform improvements for all other individual permits.

Additionally, the division remains committed to transparency, efficiency, communication, and accountability. In response to stakeholder requests, we developed a list of 17 commitments to enhance our processes. Key activities include:

- Developing a permit work plan to measure and track productivity and accountability.
- Evaluating the use of contractors to expedite permit reviews.

- Collecting anonymous stakeholder feedback to provide a safe space for expressing concerns.

We will continue to prioritize these efforts and appreciate the ongoing support of our stakeholders as we work to improve our permitting processes.

Consequences if this is not funded

Sustaining these 22 FTE positions is crucial to keeping our momentum in reducing backlogs, maintaining compliance with EPA requirements, and ensuring regulated entities receive timely service.

With regulations constantly evolving, the division must adapt permits to reflect the latest policies. However, the backlog often delays permit renewals for years, requiring multiple updates at once. Reducing the backlog allows for more frequent renewals, enabling gradual and manageable adjustments rather than overwhelming permit holders with extensive changes all at once.

To further streamline the process, the division has hired dedicated staff to assist entities in evaluating feasible changes. By working closely with stakeholders, we collect feedback, review regulatory requirements, and assess infrastructure costs. This approach allows us to develop customized variances for discharges based on thorough analysis.

Without sustained funding, staffing reductions would be inevitable—jeopardizing backlog progress, delaying permits statewide, and diminishing the technical assistance we currently provide. Maintaining these resources is essential to upholding efficiency, compliance, and service to the regulated community.

Conclusion

The R-02 request is not an expansion—it simply maintains the resources necessary to continue reducing the backlog and meeting federal compliance obligations. The JBC’s previous investment has yielded measurable improvements, and this funding will allow that progress to continue without additional burden on the General Fund. We will continue to prioritize these efforts and appreciate the ongoing support of our stakeholders as we work to improve our permitting processes.

We urge the Joint Budget Committee to approve R-02 and sustain the momentum that has already been achieved.

Thank you for your consideration.



COLORADO
Department of Public
Health & Environment

Joint Budget Committee Request for Information R-02 Protecting Water Quality

Jill Hunsaker Ryan, MPH
Executive Director

March 13, 2025

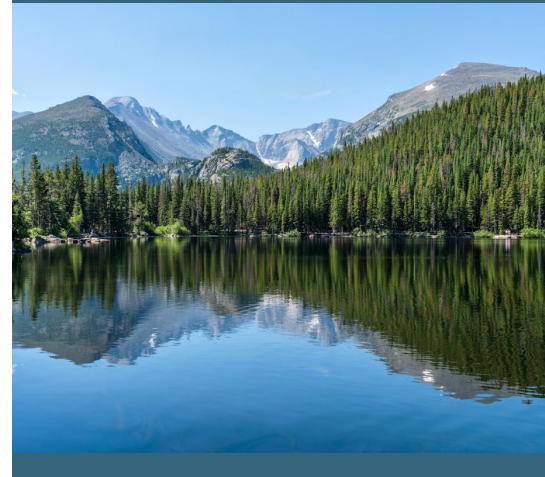


R-02 Protecting Water Quality Request

JBC staff revised recommendation includes:

- \$2.9M Cash Funds to maintain existing 22 FTE.
- Maintaining the staff received in FY 2023-24 R-01 Protect Water Quality.
- Net-neutral spending authority ask.
- Offsetting General Fund and instead use cash funds via reasonable fee increases for stakeholders and transfers from other cash funds.

**MAINTAIN
EXISTING
22 FTE**





Supporting Colorado communities

- Water quality protection supports clean lakes and rivers and safe drinking water.
- The division ensures compliance with state and federal water quality laws by providing technical assistance, permit oversight, and enforcement.
- CDPHE regulates 7,000 clean water fee payors and 2,000 drinking water fee payors.
- Funding allows us to continue to help local water providers support their communities.





Consequences if denied

If request is denied, there are fewer staff to help . . .

- Reach the EPA target of 75% permits current (and only 25% backlogged).
- Update the permits more frequently, resulting in more gradual permit changes.
- Help local water systems address implementation, feasibility, and funding challenges.
- Provide technical assistance and enhanced engagement on permitting with local systems.





How did we get here

Fee increases only four times in the last 40 years.



Fees capped in statute.



More complex federal regulations.



No additional federal funding.



Historically, CDPHE had 75% permit backlog for drinking and waste water systems.

CDPHE began to address this problem in 2022, resulting in a budget request and proposed legislation.



2023 R-01 and SB23-274: Requests

2023 R-01

- Lack of fee increases going back four decades.
- Right-size with 46 FTE.
- Total funding request \$5.6M for drinking and waste water.

SB23-274

- CDPHE proposed bill.
- Move fees from statute to rule.
- Requires robust stakeholder engagement before fees are raised.



2023 R-01 and SB23-274: Outcome

2023 R-01

- JBC approved half - 22 FTE.
- This was a HUGE improvement.
- JBC staff confirmed department needed resources.

SB23-274

- The bill passed.
- CDPHE is given authority to raise fees.
- Requires extra stakeholdering.



JBC expectation



JBC directed the department to:

- Begin to address the issue of backlogs.
- Develop a plan to revise fee structures.



FY 2023-24 figure setting recommendation

RECOMMENDATION:

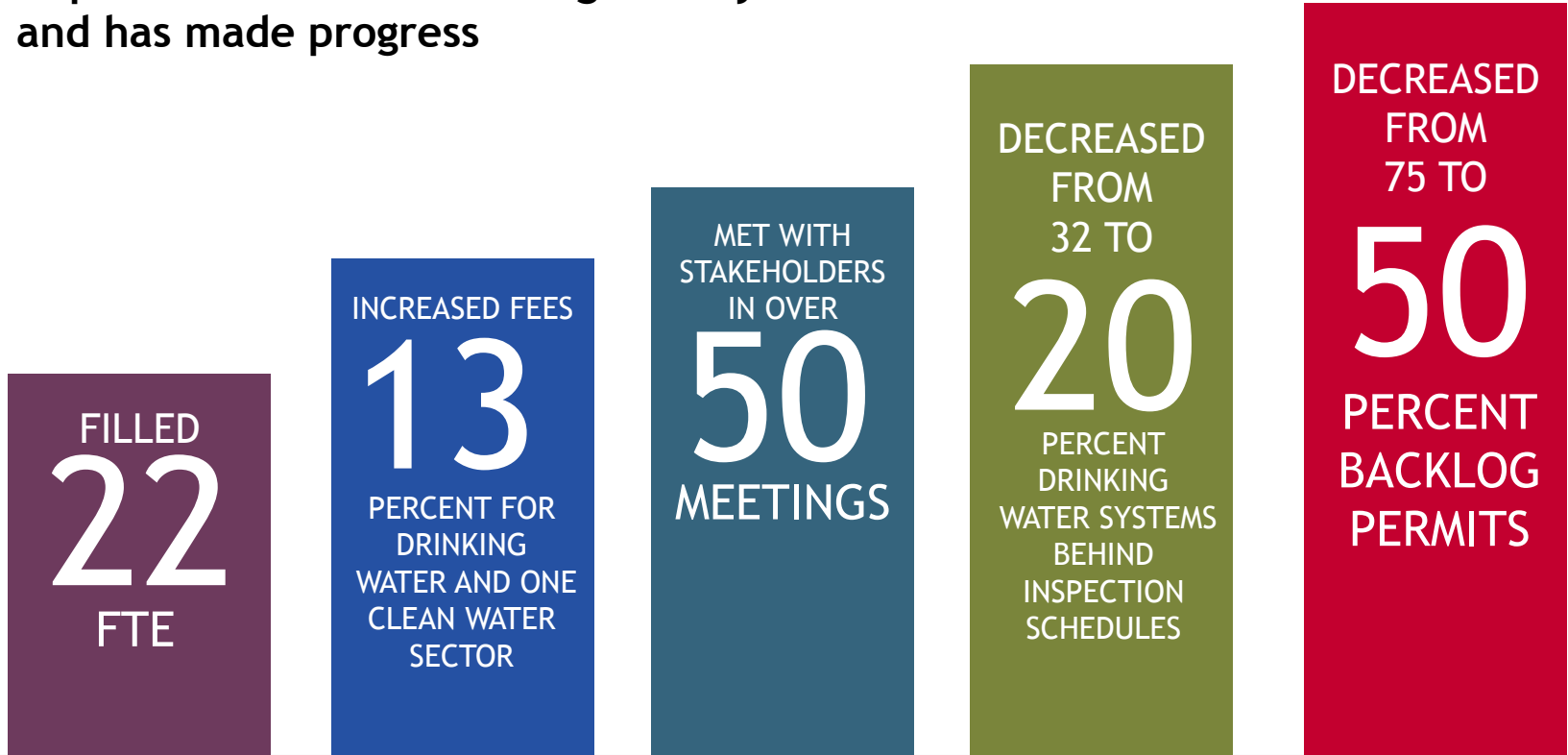
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With approval of two years' worth of General Fund the Department can begin to address the issue of permitting and inspection backlogs while also develop and implement a plan to change the necessary fee structures to lessen the burden of General Fund in the future. Staff expects the Department to submit a future decision item in which includes the sustainable balance of General Fund and cash funds to retain these FTE.



Progress since FY 2023-24

Department started work right away and has made progress





Making progress on plan for fees

Department has made progress in developing a plan to update fee structures.

- Through stakeholder meetings, department identified \$7.7M and 48 FTE in resource needs.
- Resources would result in backlog reduced to 25% and greater TA services to local systems to address new regulations.
- This year's request is a fiscally responsive approach due to the statewide budget constraints.
- FTE using various cash funds rather than General Fund - including fee increase.



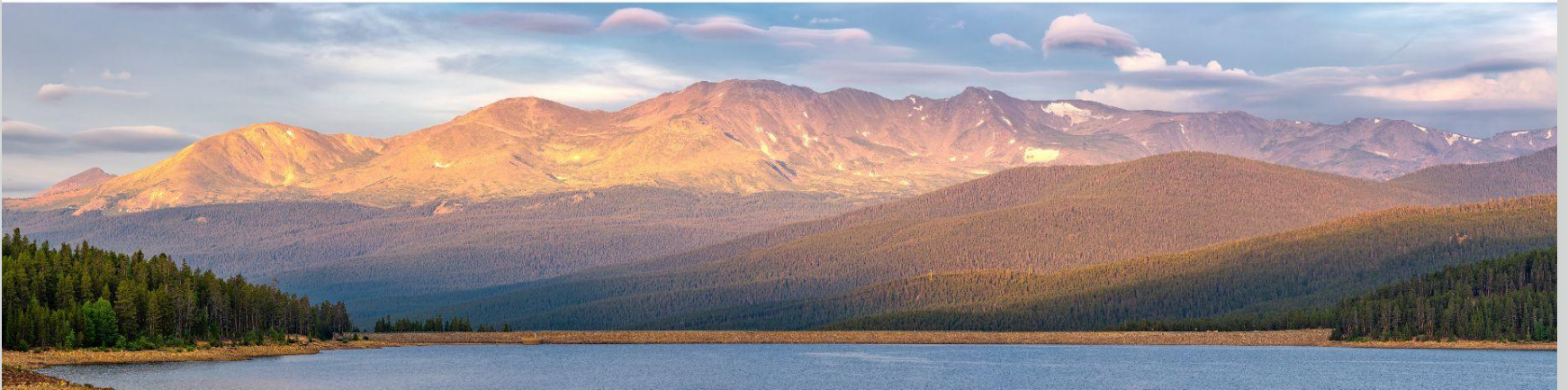
The department needs to maintain the resources we received in FY 2023-24 to continue making progress.



Fee-increase summary

Department has implemented and has plans to increase fees.

- SB23-274 gives CDPHE authority to set fees by rule.
- May 2024: 13% increase for drinking water and one clean water sector.
- October 2025: 13% increase fees for drinking water and 14% for clean water.





Nov. 1 Governor's budget request

Proposed Solution:

The CDPHE Water Quality Control Division (WQCD) requests a total of \$3,331,304 in cash funds spending authority for FY 2025-26 and beyond. This represents a net zero change to total spending authority for the division, as an offsetting General Fund reduction is included in the Department's base adjustments for FY 2025-26. To generate the revenue for the clean water program and drinking water program cash spending authority, \$694,018 will come from fee increases, and the remaining balance will be funded by transfers from the PFAS and Water Quality Improvement cash funds.

Fiscal Impact of Solution:

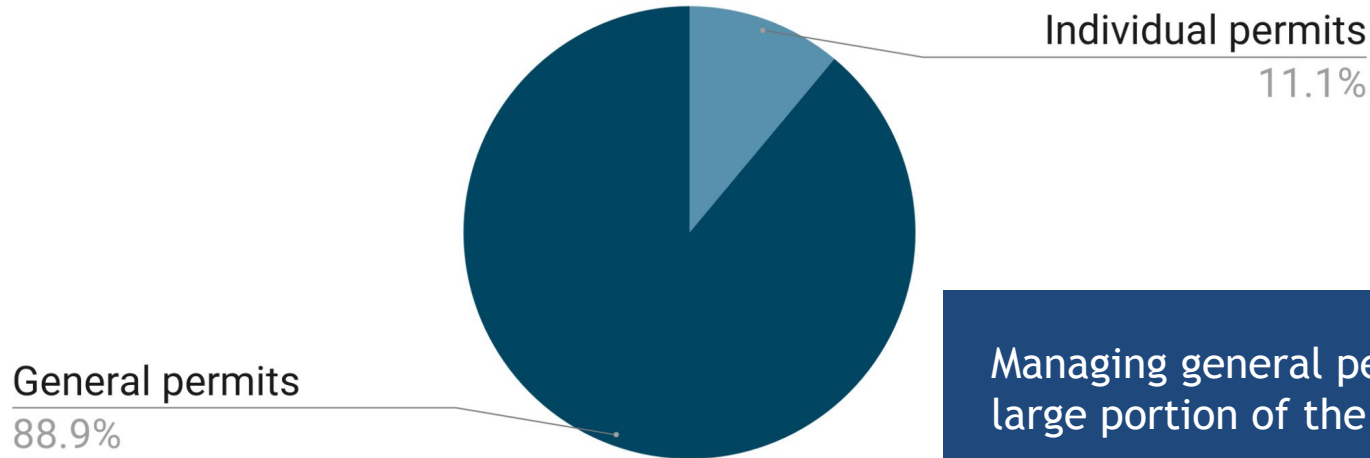
The department will implement fee increases that result in \$609,336 in additional revenue for Clean Water Program cash funds and \$85,682 in additional revenue for the Drinking Water Cash Fund. WQCD is requesting a transfer of \$111,000 from the Water Quality Improvement Cash Fund to the Drinking Water Cash Fund for FY 2025-26. Additionally, the division is requesting a transfer of ...



Permit universe

Department manages over 7,000 water quality permits.

- One general permit covers multiple facilities.
- General permits are an efficient way to reduce backlog.
- Individual permits cover one facility only.



Managing general permits make up a large portion of the permit universe.



Permit backlog progress

Department has made progress, but more work to do.

- Training new staff using simple general permits – most efficient approach.
- Focused on individual permits next.
- Hired third-party consultant to evaluate municipal individual permit processes and help us find efficiencies.

Permit type	Current	Backlogged
General Permits	59%	41%
Individual Permits	19%	81%

All permits that count towards EPA target

54%
current

46%
backlogged



Department commitments to stakeholders

Committed to transparency, efficiency, communications, and accountability.

- Developing a permit workplan and measures to track productivity and accountability.
- Continuing to meet with stakeholders on a routine basis to review progress.
- Evaluating how to use contractors to expedite review.
- Collecting feedback from stakeholders anonymously.

Department commitment includes 17 action items that stakeholders have asked for to improve services.



Draft fee increase regulation provided to stakeholders includes these commitments.



R-02 Protecting Water Quality Control Request

In Conclusion:

- CDPHE has made significant strides in addressing permitting backlogs and seeks to continue to meet the JBC and General Assembly directives set forth in FY 2023-24.
- CDPHE will continue to engage with stakeholders to address communications, transparency, accountability, and efficiency concerns and will continue to strive to reduce the permit backlog.
- To continue making progress, the department needs to maintain the resources we received in FY 2023-24.
- We ask that the JBC approve this JBC staff request.

MAINTAIN
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22 FTE

