



Joint Budget Committee

Supplemental Budget Requests

FY 2025-26

Natural Resources and Statewide S2 Pine Beetle Response

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January 21, 2026

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Overview of Natural Resources

The Department of Natural Resources is responsible for developing, protecting, and enhancing Colorado's natural resources for the use and enjoyment of present and future residents and visitors. This briefing focuses on the following divisions:

- The Executive Director's Office (EDO) provides administrative and technical support and includes the Colorado Avalanche Information Center (CAIC) and Colorado Produced Water Consortium.
- The Division of Reclamation, Mining, and Safety (DRMS) regulates development and reclamation at mining sites, reclaims abandoned mine sites, and provides safety training.
- The Energy and Carbon Management Commission (ECMC) regulates the exploration, development, and conservation of Colorado's oil and natural gas resources by issuing permits, conducting inspections, pursuing enforcement actions, and engaging in public outreach.
- The State Board of Land Commissioners (State Land Board or SLB) manages agricultural, commercial, mineral, and other leases on state-owned lands to generate revenue for public schools and other trust beneficiaries.
- The Division of Parks and Wildlife (CPW) provides recreational opportunities, manages wildlife species, issues hunting and fishing licenses, enforces wildlife regulations, and administers state wildlife areas.
- The Colorado Water Conservation Board (CWCB) conserves and protects the state's water resources to ensure adequate water supply, maximize beneficial use, and reduce the impact of flooding and drought.
- The Division of Water Resources (DWR or State Engineer's Office) administers and enforces water rights, issues well permits, regulates dams, and represents Colorado in interstate water compact proceedings.
- The Division of Forestry provides policy and budget direction for the Colorado State Forest Service (CSFS). CSFS provides staff, scientific expertise, and outreach and education for the division and was budgetarily moved to DNR in FY 2025-26.

Summary of Staff Recommendations

FY 2025-26 Summary

Department of Natural Resources: Recommended Changes for FY 2025-26

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$476,725,197	\$57,345,170	\$367,162,434	\$9,587,533	\$42,630,060	1,804.9
Other legislation	58,988,878	-264,268	59,253,146	0	0	2.5
Current FY 2025-26 Appropriation	\$535,714,075	\$57,080,902	\$426,415,580	\$9,587,533	\$42,630,060	1,807.4
Recommended Changes						
Current FY 2025-26 Appropriation	\$535,714,075	57,080,902	\$426,415,580	\$9,587,533	\$42,630,060	1,807.4
S1 CPW resource for livestock producers	125,000	0	125,000	0	0	0.0
Statewide S2 pine beetle response	0	0	0	0	0	0.0
Impacts driven by other agencies [1]	-3,627,084	-805,064	-2,747,459	-27,889	-46,672	0.0
Recommended FY 2025-26 Appropriation	\$532,211,991	\$56,275,838	\$423,793,121	\$9,559,644	\$42,583,388	1,807.4
Recommended Increase/-Decrease from 2025-26	-\$3,502,084	-\$805,064	-\$2,622,459	-\$27,889	-\$46,672	0.0
Percentage Change	-0.7%	-1.4%	-0.6%	-0.3%	-0.1%	0.0%
FY 2025-26 Executive Request	\$535,711,991	\$59,775,838	\$423,793,121	\$9,559,644	\$42,583,388	1,807.4
Staff Rec. Above/-Below Request	-\$3,500,000	-\$3,500,000	\$0	\$0	\$0	0.0

[1] These requests will be discussed in presentations for the requesting agency.

Changes are assumed to be one-time unless otherwise noted.

S1 CPW resources for livestock producers: The request includes \$125,000 from the Wildlife Cash Fund to double the division's range rider services. Staff recommends approval of the request.

The request increases to \$500,000 in FY 2026-27 and ongoing.

Statewide S2 Pine beetle response: In the Department of Natural Resources, this request includes \$3.5 million General Fund to implement short-term actions to respond to growing numbers of mountain pine beetle across the state. This includes:

- \$500,000 for increased Colorado Strategic Wildfire Action Plan (COSWAP) wildfire risk reduction grants;
- \$1.5 million to expand Good Neighbor Authority Projects for fuels reduction and forest restoration; and
- \$1.5 million to support field staff across the state that would become Technical Service Providers (TSPs) and help private landowners participate in federally funded programs.

Staff recommends denial of the request.

Across all state agencies, the request includes \$3.8 million General Fund, \$101,540 cash funds, and 0.75 FTE. A statewide analysis that includes impacts for all agencies is included as part of this document. These analyses will be presented by the corresponding JBC staff analyst for each Department (Sam Rickman for Agriculture, Michelle Curry for Regulatory Agencies, and Kelly Shen for Natural Resources).

Impacts driven by other agencies: The request includes a net decrease of \$3.6 million for requests from other state agencies. These are also called “non-prioritized requests.” The amounts shown in the table below reflect the impacts of requests made by other agencies. These requests are discussed during supplemental presentations for the lead requesting agency, at which point a staff recommendation will be made. Staff will update these figures to reflect the Committee’s decisions on these requests.

Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, Life, and Dental supplemental	\$870,149	\$39,140	\$788,219	\$29,468	\$13,322	0.0
DPA Annual fleet supplemental	-2,305,478	-636,571	-1,643,789	0	-25,118	0.0
OIT Real time billing	-2,191,755	-207,633	-1,891,889	-57,357	-34,876	0.0
Total	-\$3,627,084	-\$805,064	-\$2,747,459	-\$27,889	-\$46,672	0.0

Department Supplemental Requests

→ S1 CPW Resources for livestock producers

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$125,000	\$0	\$125,000	\$0	\$0	0.0
Recommendation	\$125,000	\$0	\$125,000	\$0	\$0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC staff and the Department agree that this request is the result of data that was not available at the time of original appropriation. Specifically, CPW was not aware about the likely end of other funding for producers to access range rider services – or where wolves would move across the state.

Request

The Department requests \$125,000 from the Wildlife Cash Fund to double its contracts for range rider services from approximately 10 to 20 riders.

This cost increases to \$500,000 in future years, as included in the Department's R3 request for FY 2026-27 and ongoing.

Recommendation

Staff recommends approval of the Department's request.

Analysis

Range riding is a non-lethal conflict mitigation tool that assists producers in areas where wolves are or suspected to be. In the FY 2025-26 Long Bill, a JBC-initiated footnote called for CPW to prioritize spending on state-funded preventative measures. This specifically included the “placement of an appropriate number of trained range riders in all the areas where wolves are physically located”.

Current use of range riders

The Department has indicated that range riders are currently unable to cover all areas where wolves are active. In 2025, wolf activity was observed across most of the state, including 11 of 18 CPW geographic management areas. Concentrated activities occurred in three of these areas, likely associated with reproduction and denning.

Range riders are typically most active between May 1 and October 31 to align with on-range grazing seasons. In order to hire additional range riders beginning in April this year, the Department is requesting \$125,000. The Department prefers contracts to full-time staff, since range riding services are seasonal.

Last year, starting in April 2025, DNR and the Department of Agriculture deployed multiple range riders across multiple counties. The number of riders in every county depended on rider availability and wolf activity, but some counties had consistently active riders (Jackson, Moffat, Pitkin, and Routt).

- In April, four range riders deployed to Eagle, Routt, and Rio Blanco counties.
- In May, seven more ranger riders deployed for a total of 11 riders. These riders were deployed in Pitkin, Jackson, Routt, Moffat, Rio Blanco, Grand, and Eagle counties.
- In June, 12 riders were deployed in the same counties as in June.
- In July, nine riders were deployed in Pitkin, Jackson, Routt, Moffat, and Rio Blanco counties.

For the 2026 season, the Department has already issued a Request for Proposal for range riders. They have indicated that approval of this supplemental request would immediately allow them to increase the amount of contracts awarded. Applications close in February and contracted riders are anticipated to start in April.

Funding for range rider services

CPW currently has an annual budget of \$500,000 for range riders, which funds an average of 10 riders. The contract maximum is \$50,000 per rider (\$300 per day for 30 hours per week). An additional \$500,000 is projected to double the division's range riding capacity. The Department of Agriculture also has two permanent range riders.

The Department indicates that after the 2025 legislative session, they became aware that existing outside resources for range riding services were unlikely to continue. This includes approximately \$350,000 in one-time grants from the Department of Agriculture and federal funds for conflict-reduction through the National Resources Conservation Service (NRCS).

The Department indicates that the request will be paid for with non-license revenue from the Wildlife Cash Fund, and anticipates that Born to be Wild license plate revenue will be sufficient to fund the request (\$872,000 received in FY 2024-25). Two additional potential sources of revenue are the Keep Colorado Wild Pass (\$2.6 million in FY 2024-25) and lottery proceeds (none expected for FY 2025-26).

Statewide Supplemental Requests

This statewide request impacts multiple departments. In addition to an analysis for the Department of Natural Resources (Kelly Shen), analyses from JBC staff for the Department of Agriculture (Sam Rickman) and Regulatory Agencies (Michelle Curry) are also presented below.

→ Statewide S2 Pine beetle response

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$3,901,540	\$3,500,000	\$101,540	\$0	\$0	0.8
Recommendation	0	0	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request	-\$3,901,540	-\$3,500,000	-\$101,540	\$0	\$0	-0.8

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: The Departments did not indicate which supplemental criteria the request fits under, but JBC staff believe that the request may fit under “data that was not available when the original appropriation was made”. Aerial survey results released in 2025 demonstrated the growing extent of mountain pine beetle spread in 2024. However, growing numbers of mountain pine beetle at lower altitudes have been documented since 2020.

Request

The Governor's December 2025 Executive Order B 2025 001 created the Ponderosa Mountain Pine Beetle Task Force to coordinate between stakeholders to develop tools and solutions in response to the spread of mountain pine beetles along the Front Range. The task force is responsible for developing a comprehensive work plan no later than June 30, 2026, which includes short, medium, and long-term goals and planned actions.

In the statewide S2 request, the Department asks for funds to support short and long-term response to a pine beetle outbreak, primarily along the Front Range, as well as roll-forward authority through FY 2028-29. This includes the following expenses across three departments:

Department of Natural Resources (one-time):

- \$500,000 General Fund for Colorado Strategic Wildfire Action Plan (COSWAP) grants.
- \$1.5 million General Fund for Good Neighbor Authority projects.
- \$1.5 million General Fund to partner with the National Resource Conservation Service (NRCS) and provide technical assistance to landowners.

Department of Agriculture (ongoing):

- \$101,540 cash funds and 0.75 FTE from the Agriculture Management Fund to develop a biocontrol program for the mountain pine beetle at the Palisade Insectary. This increases to \$322,993 cash funds and 3.0 FTE in future years.

Department of Regulatory Agencies (one-time):

- \$300,000 General Fund to conduct a study on the impacts of pine beetle infestation on homeowners insurance coverage and affordability.

Recommendation

Staff recommends denial of the Department's request.

Analysis – Beetle Ecology and Distribution

The mountain pine beetle is native to Colorado. The beetles tunnel under the bark, reproduce, and emerge the following spring/summer to tunnel in another tree. This tunneling disrupts a tree's internal nutrient flow. Typically, diseased and already dying trees are the ones that succumb to beetle attacks – thereby clearing space for younger, healthy trees to grow. However, very high numbers of beetles can also kill healthy trees and wipe out large areas of forest, particularly if the trees are stressed from warm temperatures or drought.

Over the past five years, Colorado has experienced several years of below average precipitation and warmer than average temperatures. This, combined with dense forest landscapes due to fire suppression policies, has created forests that are particularly vulnerable to beetles.

The last mountain pine beetle outbreak lasted from approximately the late 1990's through 2013. The epidemic killed 80.0 to 90.0 percent of lodgepole pines in areas of Summit, Grand, Eagle, and Routt counties.¹ The Department has indicated that these large areas of dead trees are a public safety and fire hazard, and diminish the land's recreational value.

Beetle Distribution in Colorado

Since 2022, Colorado has seen a steady increase in mountain pine beetle populations, particularly in ponderosa pines along the Front Range, near Gunnison, and in the Uncompahgre National Forest west of Montrose. Beetle populations increased by 27.6 percent from 2022 to 2023, and by 80.6 percent from 2023 to 2024.

¹ Colorado State Forest Service. Mountain Pine Beetle. <https://csfs.colostate.edu/forest-management/common-forest-insects-diseases/mountain-pine-beetle/>.

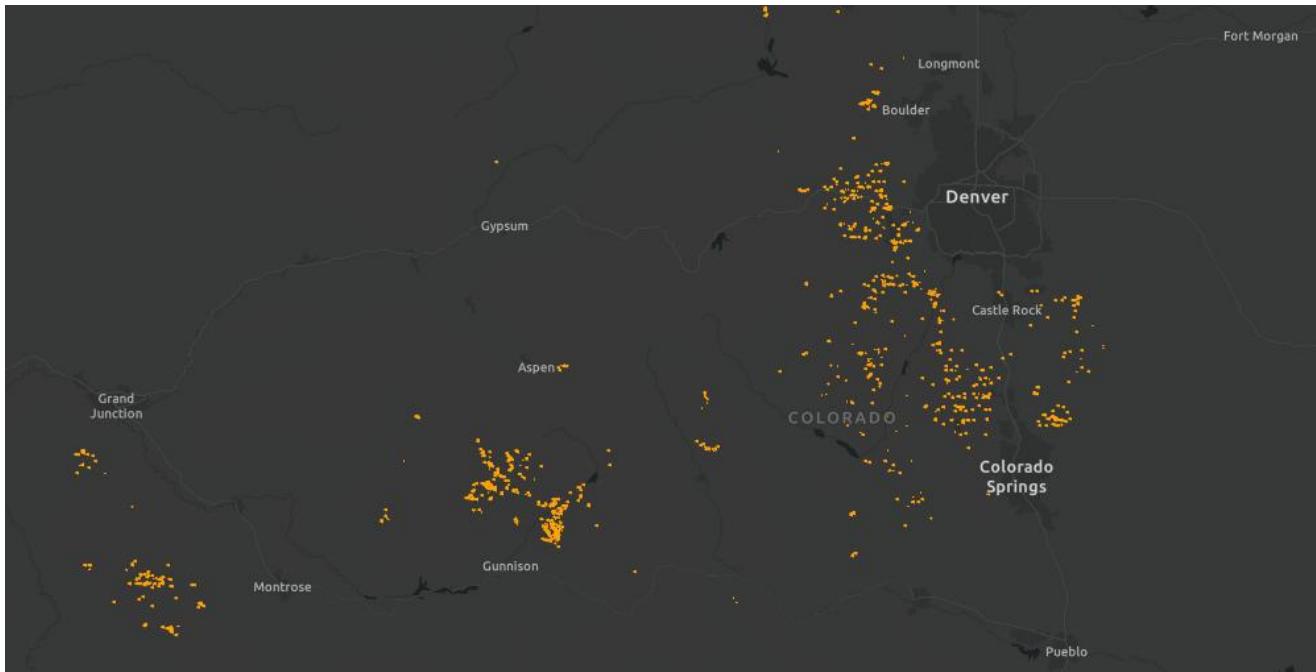
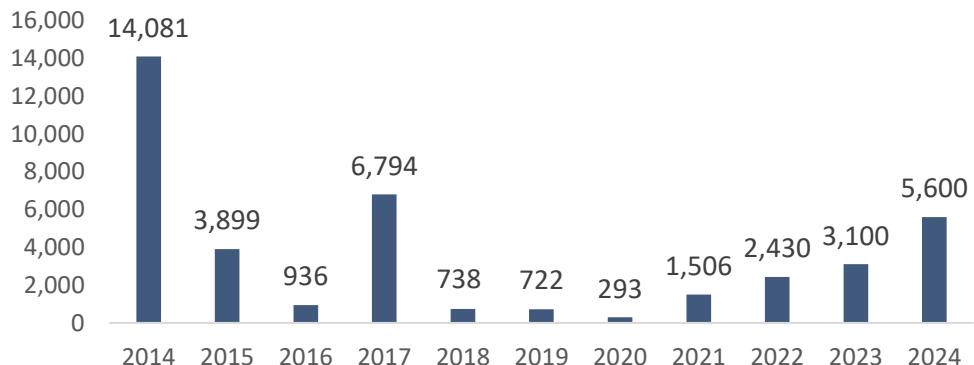


Figure 1. Acres affected by mountain pine beetle in 2024²

In 2024, annual aerial surveys showed that 5,600 acres statewide were affected by the mountain pine beetle. This covers a very small portion of total statewide ponderosa pine forests, which was estimated to be over 2.1 million acres in 2020. This is also substantially lower than the 1.1 million acres affected at the height of the last epidemic in the early 2000's. The last outbreak was primarily in lodgepole and limber pines at higher elevations, not along the Front Range.³

**Acres affected by mountain pine beetle over the past 10 years
(data from annual aerial surveys)**



Beetle spread is dependent on seasonal temperatures and humidity. Warmer temperatures and drought make it difficult for trees to produce enough resin to push out insects that burrow into the tree's bark. 2025 was the fourth warmest year on record. December 2025 was warmest December on record since 1895. Precipitation

² Colorado State Forest Service. October 31, 2025. Mountain Pine Beetle 2022-2024.

<https://www.arcgis.com/home/item.html?id=cfa1cb763dc2460286bbe23573066389>.

³ Colorado State Forest Service. 2020. Colorado Forest Action Plan. <https://csfs.colostate.edu/wp-content/uploads/2020/10/2020-ForestActionPlan.pdf>.

along the Front Range was about average.⁴ Despite about average precipitation levels, they have not been high enough for trees to recover from three years of drought from 2020 to 2022.⁵

Options for Beetle Control

Small beetle infestations respond well to quick, targeted action. Large-scale outbreaks are hard to control, and recommended practices focus on the management of overall forest health. This includes reducing forest density to reduce competition and encourage forest age and species diversity.

The mountain pine beetle has some natural predators including woodpeckers and other insects. Extreme temperatures may also reduce beetle populations. However, the Colorado State Forest Service indicates that for freezing temperatures to affect a large number of larvae, winter temperatures must be 30 degrees below zero (°F) for at least five days.⁶

Other management options outlined by the Colorado State Forest Service include:

- Removal of infested trees and debris;
- Solar treatments of infested logs;
- Trap trees to attract and kill new adult beetles;
- Pheromones to reduce the attractiveness of particular pine trees; and
- Preventive insecticide sprays.

Management options are highly seasonal and vary depending on the beetle's life cycle. For example, removing infested trees is most effective before June or July when the beetles emerge as adults and fly to new trees – and in the fall after beetles have infested a new tree.

Analysis – Department of Natural Resources

Staff recommends denial of the Department's entire General Fund request. In addition to the requested items, the Department has indicated that they plan to spend the following from the Healthy Forests and Vibrant Communities Cash Fund, which is continuously appropriated.

- \$0.2 million for a task force facilitator;
- \$0.8 million for term-limited staff; and
- \$0.5 million for education and outreach for the Live Wildlife Ready campaign.

Section 23-31-313 (10)(b), C.R.S., states that by executive order or proclamation, the governor may access and designate money in the Healthy Forests and Vibrant Communities (HFVC) fund for HFVC activities.

Colorado Strategic Wildfire Action Plan (COSWAP)

COSWAP is a grant program that funds workforce development and landscape-scale investments for wildfire risk reduction. Eligible applicants include state and federal agencies, local governments, tribes, public utilities, and non-profits. The Department requests \$500,000 to support a special release of COSWAP workforce development

⁴ Colorado Climate Center. 2025. https://climate.colostate.edu/reports/2025Dec_climate_summary.pdf.

⁵ 2024 Forest Health Highlights: Colorado. <https://storymaps.arcgis.com/stories/c5cfa14f7c394f5faf42bf0ae63e2749>.

⁶ CSU Extension. 2011. "Mountain Pine Beetle". <https://csfs.colostate.edu/wp-content/uploads/2024/01/Mountain-Pine-Beetle-Fact-Sheet-5.528.pdf>.

grants for mitigation work with the Colorado Youth Corps Association (CYCA). The program proposes to focus on the Front Range, especially counties affected by the mountain pine beetle.

The Department has indicated that these workforce development awards are different from typical grant awards because they would prioritize Front Range counties that typically are not considered for awards. The type of work performed is very similar. This special release would allow CYCA to plan mitigation projects in the summer of 2026 and start work in 2027. Workforce development grants are typically two years.

Research on the relationship between beetle-killed trees and fire dynamics is complicated. Beetle-killed trees go through multiple stages after they die, and the likelihood of beetle-killed trees to increase fire speed and severity depends on many factors including which stage a dead tree is in.^{7 8 9} Fire mitigation, such as actions proposed through COSWAP, has the potential to reduce the speed and severity of fires. In particular, fuel reduction encourages low-severity surface fires near the ground instead of high-severity crown fires at the tops of trees. Ponderosa pines are adapted to dry environments and low- and moderate-severity surface fires.¹⁰ Even in beetle-kill areas, these fuel reductions seem to be effective to reduce the risk of quick-moving, severe fires.¹¹

The program does not appear to have current, existing funds that could fund additional grantees in the current fiscal year. COSWAP is funded annually by \$5.0 million from the severance tax operational fund and a \$1.0 General Fund transfer to the Wildfire Mitigation and Capacity Development Fund. The fund has an estimated FY 25-26 ending fund balance of \$22.0 million. The Department has indicated that the balance is fully planned for:

- \$19.0 million anticipated to be fully encumbered for grants.
- \$1.0 million General Fund that is transferred on June 30 of every year. These year-end transfers are included in the following grant cycle in the fall.
- \$1.0 million to be distributed in FY 26-27 for landscape resilience investments.
- \$1.0 million for a two-year reserve. Since the program is heavily funded by severance tax, a volatile fund source, this practice is to provide grantees stable funding through a full grant cycle.

An additional \$500,000 in grant funding is projected to support two to three workforce development grants and train 35 individuals. This is based on Department estimates that \$1.0 million can support an average of five workforce development projects and train 70 workforce program participants. For landscape resilience grants, \$1.0 million is estimated to treat an average of 415 acres.

Although there appear to be benefits to fire mitigation and fuel reduction to reduce fire intensity and trees killed by beetles, staff is recommending denial of the request due to budgetary constraints and the below considerations. Staff is unsure of:

- Why the proposed work (or similar work) could not be completed in a future grant year, or as part of landscape resilience investments scheduled to be awarded in FY 2026-27.

⁷ Jenkins et al. 2014. Interactions among the Mountain Pine Beetle, Fires, and Fuels. <https://doi.org/10.5849/forsci.13-017>.

⁸ Schoennagel et al. 2012. Effects of Mountain Pine Beetle on Fuels and Expected Fire Behavior in Lodgepole Pine Forests, Colorado, USA. <https://doi.org/10.1371/journal.pone.0030002>.

⁹ Romualdi et al. 2023. On the limited consensus of mountain pine beetle impacts on wildfire. <https://doi.org/10.1007/s10980-023-01720-z>.

¹⁰ Fryer, Janet. 2018. <https://www.fs.usda.gov/database/feis/plants/tree/pinpong/all.pdf>.

¹¹ Crotteau et al. 2018. Fuel dynamics after a bark beetle outbreak impacts experimental fuel treatments. <https://doi.org/10.11186/s42408-018-0016-6>.

- The impact that an additional \$500,000 will make outside of the existing funding for the COSWAP program; and
- The use of General Fund to support a limited number of grantees/landowners.

The Colorado Forest Restoration Institute (CFRI) is currently evaluating COSWAP's impact on fuel conditions and landscape-scale change.

Good Neighbor Authority (GNA) projects – focus on public lands

The Colorado State Forest Service (CSFS) requests \$1.5 million to expand an existing Good Neighbor Authority agreement. The additional funding would prioritize areas affected by the mountain pine beetle.

Good Neighbor Authority is a partnership between federal and state entities that combines federal resources with state forestry, labor, and contracting resources. It allows CSFS to lead forest health projects on federal lands – and allows projects to be based on ecological considerations, as opposed to land ownership.

In 2023, the state received a \$2.0 million federal GNA award with an end date of 2027. CSFS is still awaiting confirmation from the U.S. Forest Service that they have additional funds available to increase the current GNA award. If this federal funding is not received, CSFS indicates that it would direct the \$1.5 million state funds into the Healthy Forests and Vibrant Communities fund to support high priority forest management projects – including forest restoration and fuels reduction. However, these funds would not necessarily be leveraged for additional federal funding.

The existing GNA agreement includes \$2.0 million in state funds and \$2.0 million in federal funds. State funding is not a required match, but CSFS indicates that the commitment of shared funds increases the likelihood of receiving favorable agreement terms, more federal funding, and increased flexibility. The existing \$2.0 million in state funds is from the General Fund, and was initiated by a FY 2023-24 Long Bill amendment. The resulting Long Bill footnote indicates that the \$2.0 million supports 5.0 FTE for four years to implement GNA projects.

While additional funds would increase CSFS ability to perform work to reduce beetle spread and potential fire intensity, staff recommends denial of the request due to budgetary constraints and the below considerations:

- Additional federal funds have not yet been secured.
- Current GNA activities appear similar to those in the proposed GNA expansion. The existing contract does not expire until 2027.
- Without additional federal funding, CSFS indicates that they will direct the additional state funding to the Healthy Forests and Vibrant Communities fund. The fund's FY 24-25 ending balance is \$11.9 million, all originating as General Fund. Some of this balance may be already obligated as grants. However, given that CSFS has indicated that they already plan to use \$1.5 million of this funding for a task force, staff, and educational materials – staff believes that there are available funds in the cash fund that could be used to fund expanded GNA authority if needed.

Natural Resources Conservation Service (NRCS) partnership – focus on private lands

CSFS requests \$1.5 million to support field staff throughout Colorado who would become certified Technical Service Providers (TSP) and help private landowners participate in NRCS programs. These NRCS programs include the Environmental Quality Incentives Program (EQIP) and Regional Conservation Partnership Program

(RCPP) that incentivize and assist landowners with conservation practices. These include pest management and forestry health activities.

The Department indicates that state funding through this request could leverage federal funds. To complete TSP activities, NRCS may provide 75.0 percent of funds with a state match of 25.0 percent.

Forest landowners are a small portion of total EQIP contracts in Colorado. Across the state, NRCS has approximately 750 EQIP contracts every year. About 60 to 70 of these contracts with forest landowners. However, these same private landowners play an important role in ponderosa pine management across the state. About half of the ponderosa pine acres in Colorado (a little over \$1.0 million acres) are owned privately.¹²

In addition to field staff, the Department indicates that the funding would partially support program staff including a program specialist, GIS specialist, and a communications specialist or manager.

CSFS has engaged before in projects that involve NRCS. Some of these have focused on wildfire risk reduction, including a project with the National Forest Foundation to reduce the risk of severe fires in the Upper Arkansas River Watershed.¹³

The Department indicates that without the requested funding, Colorado's ability for an early response to the emerging mountain pine beetle outbreak would be limited. Additionally, the lack of funding would reduce near-term outcomes as the state ramps up longer-term response through the Ponderosa Mountain Pine Beetle Task Force.

Staff recommends denial of the request due to budgetary constraints and the below considerations:

- Lack of clarity about the demand for assistance and willingness of private landowners to engage with the proposed conservation practices. Currently, forest landowners do not appear to be a large percentage of contracts with NRCS.
- Private landowners should already be able to access programs like EQIP and RCPP without Technical Services Providers through CSFS.

However, staff does also believe that if the committee were to consider funding a portion of the Department's entire request, they could consider this portion because it is:

1. Focused on private landowners that are responsible for many ponderosa pines along the Front Range; and
2. Has the potential to leverage available federal funds.

Healthy Forests and Vibrant Communities Fund (HFVC)

The HFVC fund is a potential option to support the programs proposed above, or similar programs. The fund is continuously appropriated. It appears that the fund has an available balance, since it has already been proposed to fund outbreak response options. Specifically, \$1.5 million from the cash fund is proposed to support task force facilitation, staff, and Live Wildfire Ready outreach and education.

Per Section 23-31-313, C.R.S., the Healthy Forests and Vibrant Communities Fund supports projects such as:

¹² Colorado State Forest Service. 2020. Colorado Forest Action Plan. <https://csfs.colostate.edu/wp-content/uploads/2020/10/2020-ForestActionPlan.pdf>.

¹³ U.S. Department of Agriculture. 2024. Colorado Regional Conservation Partnership Projects. https://www.nrcs.usda.gov/sites/default/files/2024-04/FINAL_NRCS_CO%20Partnership%20Plan_0424-web.pdf.

- Community and firefighter planning and preparedness;
- Community wildfire risk mitigation, including a fuel mitigation program grants to landowners or utility easement owners in the wildland-urban interface;
- Community watershed restoration;
- Business development through marketing and a revolving loan fund to support woody biomass utilization;
- A wildfire risk mitigation loan program that provides loans to businesses that utilize beetle-killed and other timber; and
- Outreach and technical assistance.

Over the past five years, the HFVC program has received annual General Fund appropriations as well as several one-time General Fund transfers. The Department estimates that the fund's FY 24-25 ending balance is \$11.9 million, all originating as General Fund. Some of this funding may be obligated as grants.

HVFC program appropriations since 2021

Funding Cycle	Total Appropriation	Long Bill	Other Bills
FY 2021-22	\$2,000,000	\$2,000,000	n/a
FY 2022-23	2,895,407	2,000,000	\$800,000 from S.B. 22-007 (Increase Wildfire Risk Mitigation Outreach Efforts) – one-time \$95,407 from H.B. 22-1012 (Wildfire Mitigation and Recovery) – ongoing
FY 2023-24	4,449,113	4,434,113	\$15,000 from S.B. 23-005 (Forestry and Wildfire Mitigation Workforce) – ongoing
FY 2024-25	2,489,113	2,449,113	\$40,000 from H.B. 24-1024 (Extend Outreach Campaign) – one-time

The HFVC fund has also received \$11.0 million in transfers from the General Fund through three bills:

- S.B. 21-258 (Wildfire Risk Mitigation) - \$5.0 million for outreach and technical assistance.
- H.B. 22-1012 (Wildfire Mitigation and Recovery) - \$3.0 million for a new statewide carbon accounting framework.
- H.B. 22-1379 (Wildfire Prevention Watershed Restoration Funding) - \$3.0 million for the local implementation of risk mitigation treatments that promote watershed resilience.

Big Picture Considerations

Overall, the request from the Department is hoping to take quick action to reduce future impacts of the mountain pine beetle. Beetle levels in Colorado have not reached epidemic levels. Beetles are also a part of the local ecology and help to naturally thin forests and allow space for new growth.

Staff acknowledges the possibility for increased costs in the future if a large wildfire were to occur or beetles were to reach epidemic levels. However, staff believes it may be possible to redirect existing fire mitigation and forest health resources towards the proposed beetle response effort. Additionally, staff also believes that there are policy discussions for the committee related to who pays for fire mitigation in wildland-urban interfaces and how much public investment is the right amount.

Analysis – Department of Agriculture

The Colorado Department of Agriculture (CDA) requests funding to implement a biocontrol response to an identified risk of increased mountain pine beetle (MPB) infestation in Colorado's ponderosa pine forests. The request would establish a pilot program intended to test the feasibility and potential effectiveness of a novel biological control strategy.

- Current year: Increase of \$101,540 cash funds
- Year 1: Ongoing impact of \$322,993 and 3.0 FTE.

Staff Recommendation

Staff recommends denial of this request on the basis that approval would reduce budgetary flexibility heading into a challenging budget year. However, staff also recognizes the likely urgency of the pine beetle situation and the merits of the request. Staff offers the following points to consider.

- **General Fund balancing implications:** Approval of this request would increase ongoing demands on a cash fund (Agricultural Management Fund) that may otherwise be used to provide General Fund relief. In an environment of constrained resources, this would limit the Committee's ability to balance the FY 2026-27 budget and manage ongoing fiscal pressures.
- **Unproven approach:** The request would establish a pilot program to test the efficacy of a novel biocontrol method to mitigate a reemerging MPB threat. This approach is supported by a reasonable policy rationale and may prove valuable over time, but it remains unproven at scale and would create an ongoing fiscal obligation at a time when budgetary tradeoffs are particularly acute.
- **Proposal is time-sensitive:** However, if the Committee does wish to move forward with the proposed program within the next year then staff agrees that the supplemental increase is necessary.
 - The proposed biocontrol strategy is constrained by biological timelines. Implementation must occur in the autumn, which means associated FTE would need to be hired by March to allow sufficient time to rear predatory insects and release them by August.
- **Delaying could increase future risks and costs:** Although staff recommends denial at this time, delaying action now while intending to pursue a similar program in the near future carries the risk of allowing MPB populations to expand further, potentially increasing future risks and mitigation costs.

Time Sensitivity

In a vacuum, the proposed biocontrol response is indeed time-sensitive. To conduct a release during the 2026 calendar year, predatory beetles must be deployed by Fall 2026. Meeting this timeline requires the associated FTE to begin work in early March to rear predatory insects, survey forests for MPB infestation hotspots, select release sites, and execute the release. If the request were instead approved through a FY 2026-27 budget amendment, the initial release would be delayed until Fall 2027, allowing MPB populations an additional season of unmitigated growth and potentially making mitigation more challenging and costly.

Accordingly, staff concludes that if the Joint Budget Committee decides that MPB risk is an immediate priority, supplemental action is needed to begin the work in 2026.

Budgetary Considerations

While this request does not directly impact the General Fund, the cash fund supporting the request may otherwise be used to reduce General Fund appropriations to the Department. The request is funded from the Agricultural Management Fund (AMF). As discussed in the [FY 2026-27 JBC Staff Briefing Document](#) for the Department of Agriculture, the AMF may be used broadly in the Department of Agriculture and the Committee could use the growing balance to reduce General Fund appropriations to the Department. Staff is currently analyzing how much of the fund may be used for that purpose without adversely affecting department operations. Approval of this request would increase the obligations on the AMF and reduce the committee's flexibility to use this fund to offset General Fund expenditures in the future.

Staff notes that it may be possible to run legislation to redirect a portion of the HFVC cash fund to the CDA to stand up this program, thereby maintaining budgetary flexibility while taking an initial step toward a more robust MPB mitigation strategy. Staff notes two caveats: a portion of the fund may already be obligated to grants, and recent General Fund transfers to this fund were not intended for biocontrol purposes. Nonetheless, staff believes that a CDA-led biocontrol program is consistent with the purpose and spirit of the fund and warrants committee consideration.

Request Rationale: MPB Management Strategies

There are many strategies to deal with increasing MPB populations, including both direct and indirect control methods. Alternatively, the State could take no action, allowing beetle populations to run their natural course. The CDA proposes an indirect, biocontrol-based approach. It cites both the challenging and costly nature of direct control methods discussed in the following section and the availability of existing infrastructure at the Palisade Insectary to begin the proposed approach.

This request effectively creates a pilot program. Some evidence suggests that the proposed approach is logically feasible, as discussed below. However, staff was unable to identify studies demonstrating successful implementation of a similar program at scale. Accordingly, the scope and immediate mitigation impact of this request appear limited.

The proposed effort is more than an immediate management response. It is primarily an opportunity to generate novel, applied research for a potential tool to add to the MPB resilience toolbox. Subject matter experts at the insectary and the scientific literature indicate that biological control may play an important role in sustainable MPB mitigation strategy. This request represents a first step toward evaluating that potential.

Direct Control (Alternative Methodology)

Direct control of MPB outbreaks is labor-intensive, expensive, and requires a sustained ongoing effort. These methods include felling, spraying, or debarking currently infested trees. Their effectiveness depends on identifying recently infested trees before brood emergence and subsequent attacks on new trees, a task that becomes increasingly difficult as infestations grow.

Seminal research in the field states, "It is important to realize that any successful direct control program is by its very nature only temporary... Therefore, retention of lodgepole pine on the landscape for future harvesting will

require future direct control of mountain pine beetle populations.¹⁴ The CDA echoes this assessment in its request, citing both the high costs and limited efficiency of widespread direct control. The Department argues that the current level of infestation has surpassed the point at which direct control alone represents an effective or efficient statewide response.

These limitations inform the Department's proposed creation of an indirect, biocontrol-based strategy, discussed below.

Indirect Control (Proposed Methodology)

Indirect control strategies for MPB focus on manipulating forest conditions to create an environment less conducive to beetle population growth. Historically, these strategies have included preemptive forest thinning, altering species composition toward trees less susceptible to infestation, and biological control. Biological control approaches include bacteria, viruses, or fungi that infect MPB. In this case, however, the Department proposes rearing and releasing a predatory insect as a biocontrol agent.

The availability of the Palisade Insectary informed this approach. The Insectary has the infrastructure, capacity, and technical expertise to support this type of work. Subject matter experts at the insectary identified *Thanasius dubius*, generally known as the dubious checkered beetle, as a predatory species that can be effectively reared in a laboratory setting and deployed as a naturally-occurring biocontrol agent¹⁵. These beetles are well-documented native predators of MPB and can be lab-reared from egg to adult emergence in approximately 70 to 100 days¹⁶. Based on background research and a review of the literature, insectary staff believe they can rear and release this species at a scale that would test whether this method can effectively suppress MPB populations.

However, the Department acknowledges that this approach is novel and unproven. Therefore, this request is justified as a pilot program, not a fully-scalable mitigation attempt. These uncertainties raise the question of whether a more passive, wait-and-see approach represents a reasonable alternative under current conditions.

Wait-and-see approach

It is possible that MPB populations will naturally decline and there are historical examples of this happening. However, it is also possible that populations will continue to grow, making both indirect and direct management strategies more challenging and costly in the future. Quantifying the likelihood of either outcome is inherently difficult, particularly given uncertainty surrounding future climate conditions.

Historically, lodgepole pine forests at higher elevations were the primary targets of MPB outbreaks, resulting in extensive forest loss—up to 80 to 90 percent in some areas—between the late 1990s and 2013. Subsequent periods of colder and wetter weather contributed to population declines and a return to more manageable levels. The recent outbreak, however, sees elevated infestation levels in lower-elevation ponderosa pine forests. This shift raises concerns about widespread infestation and tree mortality in the wildland-urban interface,

¹⁴ Carroll et al. 2006. Chapter 6 – Direct Control: Theory and Practice.

https://web.viu.ca/corrin/FRST352/PDFs/MPB_PFC_MgmtDir.pdf.

¹⁵ Reeve et al. 2003. Artificial diet and rearing methods for *Thanasimus dubius*, a predator of bark beetles.

[https://doi.org/10.1016/S1049-9644\(03\)00021-5](https://doi.org/10.1016/S1049-9644(03)00021-5).

¹⁶ Wegensteiner. 2015. Chapter 7 – Natural Enemies of Bark Beetles: Predators, Parasitoids, Pathogens, and Nematodes.

<https://doi.org/10.1016/B978-0-12-417156-5.00007-1>.

particularly along the Front Range and the Western Slope. The current winter (2025–26) appears to be relatively warm and dry, conditions that may increase stress on pine forests and contribute to higher MPB survival and population growth.

Taken together, these dynamics suggest that a wait-and-see approach carries the risk of allowing conditions to deteriorate. This would make future mitigation efforts more complex, costly, or disruptive.

Conclusion

Staff recommends denial of this request because it uses cash funds that may otherwise be used to offset General Fund reductions in the Department, reducing the JBC's budget balancing options. The approach is not designed to be at scale, is unproven, and would create ongoing fiscal obligations. However, it is supported by a reasonable policy rationale and proposes a pilot program that could inform future MPB mitigation efforts. Ultimately, the Committee must weigh the potential long-term benefits of this pilot against competing budgetary priorities and determine whether this represents the most efficient allocation of limited resources.

Analysis – Department of Regulatory Agencies

The Division of Insurance requests an appropriation of \$0.3 million General Fund to contract out with a third party to model the potential impact of the mountain pine beetle outbreak on the cost of homeowner's insurance. The Department further requests this spending authority extend to the end of the 2026-27 fiscal year. Staff recommends denial of this request.

Explanation of request

The Department indicates that the supplemental funding would allow the Division of Insurance to contract with a modeling company to determine how the presence of the mountain pine beetle could impact Colorado's home insurance market.

The insurance study would be completed in two parts. First, the Division will seek to determine how the presence of mountain pine beetle could impact the wildfire score attributed to homes in the affected area. This wildfire score helps insurance companies set premiums based on wildfire risk. Second, the Division would work with the modeling company to determine which mitigation efforts and interventions could have the largest positive impact on wildfire scores. The intention would be to use that information to make future policy decisions about how to best intervene for the purpose of limiting the impact of mountain pine beetle on insurance rates.

The Department indicates that approval of the request would allow them to begin understanding a remediating the potential insurance impacts of the infestation as quickly as possible. They indicate that they cannot know how quickly insurance companies will begin to respond to the increased risk without the study.

Staff recommendation

Staff recommends denying this portion of the request.

During the 2025 session, the General Assembly passed H.B. 25-1182 (Risk Model Use in Property Insurance Policies). This bill requires insurance companies to disclose information about wildfire risk models including providing information about mitigation efforts that would provide premium savings. Staff believes that any

changes to insurance policy rates that are related to the mountain pine beetle would be included in these disclosures. Additionally, the bill indicates that insurers using a wildfire risk model:

(a) (2) (a) An insurer that uses a wildfire risk model or a catastrophe model or scoring method to assign risk shall provide the wildfire risk model, catastrophe model, or scoring method used to assign risk, including a description of the model, the impact of the model on rates, an actuarial justification for all rating factors, including mitigation discounts offered, and an explanation of the use of the model in underwriting decisions, to the commissioner as part of the insurer's complete filing.

(b) To the extent data is available and as established by rule, an insurer shall submit to the division, as part of their rate filings, information on how and whether the models used for underwriting and rating account for state-wide mitigation activities, such as forest treatment, investments in wildfire fighting and mitigation equipment, and utility wildfire mitigation activities undertaken pursuant to a wildfire mitigation plan approved by the public utilities commission.¹⁷

Staff understands this to mean that insurers will already be compelled to disclose any rate adjustments that occur as a result of the pine beetle infestation because of its relation to wildfire risk. Additionally, insurers should be providing information about mitigation efforts that could reduce risk publicly without the need for further study from the division.

¹⁷ Section 10-4-104 (2), C.R.S.

Appendix A: Numbers Pages

Appendix A details the supplemental changes recommended by staff, including the actual expenditures for the previous state fiscal year, the appropriation for the current fiscal year, and the requested and recommended appropriation changes for the current fiscal year. Appendix A organizes this information by line item and fund source.

JBC Staff Supplemental Recommendations - FY 2025-26
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
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Department of Natural Resources Dan Gibbs, Executive Director
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S1 Range riders for livestock producers

(5) Division of Parks and Wildlife

(A) Colorado Parks and Wildlife Operations

Wildlife Operations	<u>118,724,415</u>	<u>134,184,239</u>	<u>125,000</u>	<u>125,000</u>	<u>134,309,239</u>
FTE	691.9	731.8	0.0	0.0	731.8
General Fund	2,187,965	1,883,444	0	0	1,883,444
Cash Funds	87,299,421	97,600,795	125,000	125,000	97,725,795
Reappropriated Funds	0	0	0	0	0
Federal Funds	29,237,029	34,700,000	0	0	34,700,000

Statewide S2 Pine beetle response

(1) Executive Director's Office

(A) Administration

Appropriation to Wildfire Mitigation and Capacity					
Development Fund	<u>5,000,000</u>	<u>5,000,000</u>	<u>500,000</u>	<u>0</u>	<u>5,000,000</u>
General Fund	0	0	500,000	0	0
Cash Funds	5,000,000	5,000,000	0	0	5,000,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

(8) Division of Forestry

Healthy Forests and Vibrant Communities Fund	<u>0</u>	<u>2,245,640</u>	<u>3,000,000</u>	<u>0</u>	<u>2,245,640</u>
General Fund	0	2,245,640	3,000,000	0	2,245,640

JBC Staff Supplemental Recommendations - FY 2025-26
Staff Working Document - Does Not Represent Committee Decision

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
Totals Excluding Pending Items					
NATURAL RESOURCES					
TOTALS for ALL Departmental line items	471,029,120	535,714,075	3,625,000	125,000	535,839,075
<i>FTE</i>	1,676.9	1,807.4	0.0	0.0	1,807.4
General Fund	45,098,453	57,080,902	3,500,000	0	57,080,902
Cash Funds	363,076,172	426,415,580	125,000	125,000	426,540,580
Reappropriated Funds	2,099,709	9,587,533	0	0	9,587,533
Federal Funds	60,754,786	42,630,060	0	0	42,630,060