



JBC Staff Comeback Memos

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JBC Staff Comeback

Natural Resources

JBC Staff: Kelly Shen, (303-866-5434)

Date: March 24, 2026

Statewide R4: Severance Tax Transfers

The statewide R4 request includes transfers of severance tax revenue to the General Fund from the Department of Local Affairs (DOLA) and the Department of Natural Resources (DNR).

The Committee approved a \$23.3 million transfer from severance tax in the Department of Local Affairs.

The Committee postponed decision-making on DNR’s severance tax transfers until after the March 2026 forecast. Severance tax in DNR supports significantly more staff (approx. 142 FTE) than severance tax in DOLA, which is why JBC staff recommended waiting until the March forecast to decide on transfer amounts.

Based on the OSPB forecast, staff recommends the requested transfer of \$13.3 million. This includes \$8.3 million in FY 2025-26 and \$5.0 million in FY 2026-27. This recommendation comes in light of a need for budget balancing measures – and March forecasts that anticipate increased severance tax revenue compared to a very low collection in FY 24-25.

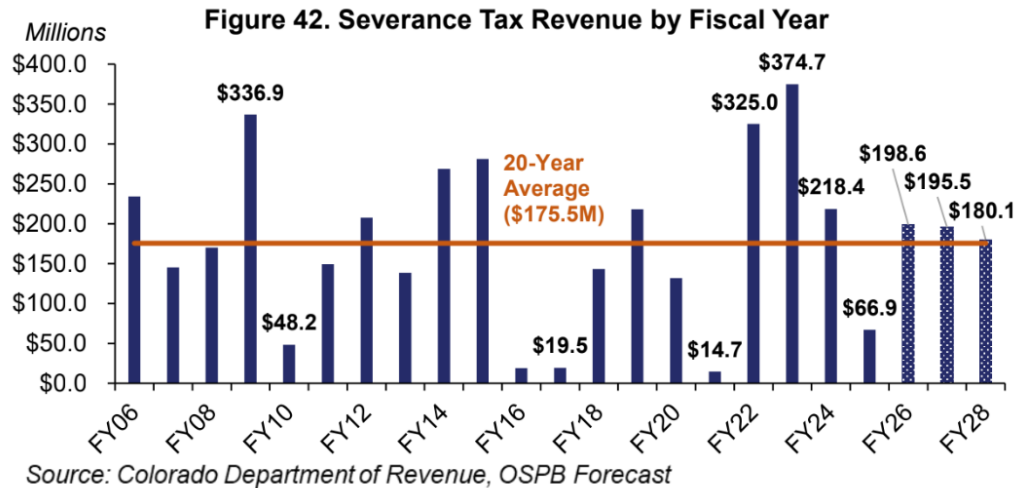
However, staff cautions against greater transfers than requested due to the volatile nature of severance tax revenue and the projection that the fund’s reserve will be just over 20.0 percent of the fund’s target reserve. The target reserve is 200.0 percent of annual expenditures.

Proposed Severance Tax Transfers from DNR

| Source | Fiscal Year | Amount |
|---------------------|-------------|--------------|
| Perpetual Base Fund | 25-26 | \$4,152,996 |
| | 26-27 | \$2,500,000 |
| PBF Subtotal | | \$6,652,996 |
| Operational Fund | 25-26 | \$4,152,996 |
| | 26-27 | \$2,500,000 |
| Op Fund Subtotal | | \$6,652,996 |
| Total | | \$13,305,992 |

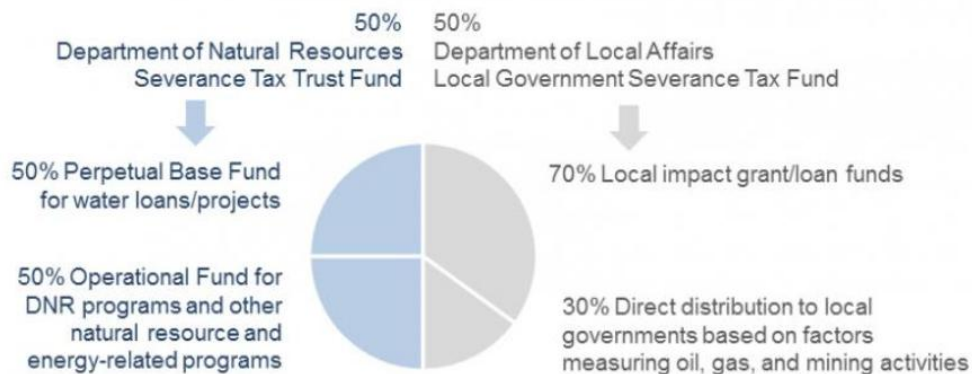
Severance tax revenues were low (\$66.9 million) in FY 24-25 due to historically high refunds and low revenue. Revenue is projected to increase substantially in FY 25-26 due to lower refunds and growing oil and gas prices – \$198.4 million (LCS) and \$198.6 million (OSPB). In future years, the two forecasts diverge before both declining in FY 27-28 due to increased refunds.¹

As shown in the figure below, OSPB projects about average collections through the forecast period.



Severance Tax Distribution

Severance tax revenue is split equally between DNR and DOLA. Most severance tax revenue is distributed as follows.



Source: Legislative Council Staff²

Revenue in DNR is further split equally between the Perpetual Base Fund and the Operational Fund. The Operational Fund supports the following programs in the table below.³ These programs are located within DNR unless otherwise noted.

¹ LCS forecast projects \$249.2 million in FY 26-27 and \$218.4 million in FY 27-28. OSPB forecast projects \$195.5 million in FY 26-27 and \$180.1 million in FY 27-28.

² <https://content.leg.colorado.gov/agencies/legislative-council-staff/severance-tax#3>

³ Distribution is guided by Section 39-29-109.3, C.R.S.

Severance Tax Operational Fund Distributions

| Program | Distribution | FY 24-25 Actual |
|--|---------------------|---------------------|
| The general assembly may appropriate the following: | | |
| Energy and Carbon Management Commission | Up to 35.0% | \$6,148,067 |
| Colorado Geological Survey (Dept of Higher Education) | Up to 15.0% | 1,830,819 |
| Colorado Avalanche Information Center | Up to 5.0% | 1,326,758 |
| Division of Reclamation, Mining, and Safety | Up to 25.0% | 5,016,718 |
| Colorado Water Conservation Board | Up to 5.0% | 1,236,887 |
| Colorado Parks and Wildlife - state parks | Up to 10.0% | 2,243,971 |
| If the general assembly appropriates less than 100.0% of the funds available to the above programs, they may additional appropriate the following: | | |
| Species Conservation Trust Fund | Up to \$5.0 million | 5,000,000 |
| Aquatic Nuisance Species Fund | Up to \$4.0 million | 4,006,005 |
| Soil Conservation Grant Fund (Dept of Agriculture) | Up to \$700,000 | 700,000 |
| COSWAP (wildfire mitigation) | Up to \$5.0 million | 5,000,000 |
| Total | | \$32,509,225 |

The Perpetual Base Fund provides funding for water projects across the state.

Severance Tax Operational Fund

Under both forecasts, the reserve target of 200.0 percent of expenditures is not projected to be met. The reserve is also not projected to be fully replenished through the forecast period. The reserve target was last met in FY 23-24.

Under the OSPB forecast, the reserve target is projected to be 22.5 percent filled in FY 25-26 and 26.4 percent filled in FY 26-27. These amounts were calculated after the proposed transfers.

OSPB Forecast (March 2026)⁴

| Fiscal Year | FY 23-24 Actual | FY 24-25 Actual | FY 25-26 Appropriation | FY 26-27 Forecast | FY 27-28 Forecast |
|-------------------------------------|--------------------|--------------------|---------------------------|--------------------------|----------------------|
| Total Available Revenue | 122,608,483 | 73,405,971 | 56,720,982 | 54,767,666 | 57,433,500 |
| Transfers Out | -10,000,000 | -19,007,805 | -4,152,996 (proposed) | -2,500,000 (proposed) | |
| Expenditures | -33,044,366 | -32,509,225 | -34,138,190 | -34,219,407 | -34,507,610 |
| Core Reserve Requirement | 68,517,952 | 65,018,450 | 72,464,707 | 68,438,814 | 69,015,220 |
| Amount Held in Core Program Reserve | 68,517,952 | 21,888,941 | 16,335,633 | 18,048,259 | 22,925,890 |
| % of Reserve Requirement Fulfilled | 100.0% | 33.7% | 22.5% | 26.4% | 33.2% |
| Perpetual Base Fund Transfer | 11,046,165 | 0 | 0 | 0 | 0 |

The Legislative Council Staff forecast is more optimistic in FY 26-27 and FY 27-28. It projects 20.1 percent of the reserve target filled in FY 25-26 and 33.8 percent filled in FY 26-27.

⁴ FY 23-24 transfer is from S.B. 23-250. FY 24-25 transfers are from H.B. 24-1413 and H.B. 24-1379.

LCS Forecast (March 2026)⁵

| Fiscal Year | FY 23-24 Actual | FY 24-25 Actual | FY 25-26 Appropriation | FY 26-27 Forecast | FY 27-28 Forecast |
|-------------------------------------|--------------------|--------------------|---------------------------|--------------------------|----------------------|
| Total Available Revenue | 112,608,483 | 73,405,971 | 54,970,982 | 59,842,666 | 69,433,500 |
| Transfers Out | -10,000,000 | -19,007,805 | -4,152,996 (proposed) | -2,500,000 (proposed) | |
| Expenditures | -33,044,366 | -32,509,225 | -34,138,190 | -34,219,407 | -34,507,610 |
| Core Reserve Requirement | 68,517,952 | 65,018,450 | 72,464,707 | 68,438,814 | 69,015,220 |
| Amount Held in Core Program Reserve | 68,517,952 | 21,888,941 | 14,585,272 | 23,122,898 | 34,925,529 |
| % of Reserve Requirement Fulfilled | 100.0% | 33.7% | 20.1% | 33.8% | 50.6% |
| Perpetual Base Fund Transfer | 11,046,165 | 0 | 0 | 0 | 0 |

Severance Tax Perpetual Base Fund

The severance tax perpetual base fund is managed by the Colorado Water Conservation Board for the Water Project Loan Program that supports water infrastructure projects related to agricultural and municipal water collection, storage and delivery facilities, and hydroelectric power generation.

This fund is managed in conjunction with the Colorado Water Conservation Board Construction Fund to support water projects. However, unlike the CWCB Construction Fund, this fund does not support state personnel. Less revenue translates to less funding for water projects.

Severance Tax Perpetual Base Fund

| | FY 2023-24 Actual | FY 2024-25 Estimate | FY 2025-26 Estimate | FY 2026-27 Estimate |
|--|----------------------|------------------------|------------------------|------------------------|
| Revenues | \$85,583,496 | \$4,239,026 | \$42,565,910 | \$41,664,513 |
| Expenditures | 57,722,248 | 24,000,108 | 4,001,371 | 1,001,371 |
| Net Cash Flow | 27,861,248 | -19,761,082 | 38,564,539 | 40,663,142 |
| Ending FY Balance without transfer or grant/loan obligations | 171,468,986 | 13,830,506 | -93,175,747 | -87,887,270 |

The cash fund detail above is shown to give the Committee a sense of the revenue and expenditures for the fund. The expenditures do not include cash outflow for existing loans which is estimated to range between \$26.8 million to \$56.5 million across the forecast period.

The negative ending fund balance is unlikely to actually happen.⁶

Severance Tax Restructure

During figure setting, the Committee discussed potentially restructuring parts of the severance tax operational fund to provide General Fund relief. Staff has included information on the impact of potential refinance and restructure options.

There is also an ongoing study related to the big picture future of severance tax that may inform future restructuring proposals, with a final report expected July 2026. S.B. 25-040 (Future of Severance Taxes and

⁵ See previous footnote for transfer details.

⁶ When calculating the amount of grant/loan obligations, the Department accounted for the total grant/loan obligation all in one year. In reality, the total loan amount is drawn down slowly over time – usually 30 years for the life of the loan.

Water Funding Task Force) required the Department to contract with a third-party to study severance taxes and ways to continue funding water and energy needs despite declining tax revenue. The study was also asked to identify ways to alleviate the need to transfer severance tax revenues to the General Fund and to replace severance tax revenue that was previously transferred.

Severance Tax Operational Fund Distribution – and refinance options

| Program | Distribution | FY 24-25 Actual | Refinance options |
|--|---------------------|---------------------|------------------------|
| The general assembly may appropriate the following: | | | |
| Energy and Carbon Management Commission | Up to 35.0% | \$6,148,067 | ECMC Cash Fund |
| Colorado Geological Survey (Dept of Higher Education) | Up to 15.0% | 1,830,819 | - |
| Colorado Avalanche Information Center | Up to 5.0% | 1,326,758 | Parks Cash Fund |
| Division of Reclamation, Mining, and Safety | Up to 25.0% | 5,016,718 | - |
| | | | CWCB Construction Fund |
| Colorado Water Conservation Board | Up to 5.0% | 1,236,887 | |
| Colorado Parks and Wildlife - state parks | Up to 10.0% | 2,243,971 | Parks Cash Fund |
| If the general assembly appropriates less than 100.0% of the funds available to the above programs, they may additionally appropriate the following: | | | |
| Species Conservation Trust Fund | Up to \$5.0 million | 5,000,000 | Wildlife Cash Fund |
| | | | Parks Cash Fund; |
| Aquatic Nuisance Species Fund | Up to \$4.0 million | 4,006,005 | Wildlife Cash Fund |
| | | | Agricultural |
| Soil Conservation Grant Fund (Dept of Agriculture) | Up to \$700,000 | 700,000 | Management Fund |
| COSWAP (wildfire mitigation) | Up to \$5.0 million | 5,000,000 | - |
| Total | | \$32,509,225 | |

Impacts of refinancing

Potential refinancing options are listed below, as well as their associated trade-offs. Non-grant programs are listed first, separated by long-term, short-term, and limited refinance options. Grant programs are discussed at the end.

These options are focused on reducing severance tax obligations. In order to then realize General Fund savings, the Committee would need to take additional action. The Committee could:

- Transfer from the severance tax operational fund to the General Fund.
- Refinance programs receiving General Fund with severance tax. The committee has previously discussed moving water commissioners and administration costs (approx. \$28.3 million General Fund and over 200.0 FTE) onto severance tax.

Long-term refinance options

Colorado Water Conservation Board (CWCB)

About \$1.2 million from the operational fund goes to the Colorado Water Conservation Board. This supports work including studies to advance the Colorado Water Plan, weather modification support, modeling to inform Colorado River negotiations and Endangered Species Act compliance, flood mitigation, and other efforts.

CWCB’s severance tax appropriation could be refinanced with the CWCB Construction Fund, which has an estimated FY 25-26 ending fund balance of \$32.4 million. The fund receives primarily federal mineral lease

revenue. It funds CWCB operations and staff as well as water projects across the state. Staff assumes that a reduced appropriation would reduce the amount available for water projects.

CWCB Construction Cash Fund

| | FY 2023-24 Actual | FY 2024-25 Estimate | FY 2025-26 Estimate | FY 2026-27 Estimate |
|--|----------------------|------------------------|------------------------|------------------------|
| Revenues | \$101,392,423 | \$55,149,009 | \$44,356,743 | \$35,573,863 |
| Expenditures | 52,816,691 | 37,324,043 | 50,331,080 | 46,832,377 |
| Net Cash Flow | 48,575,732 | 17,824,966 | -5,974,337 | -11,258,514 |
| Ending FY Balance without transfer or grant/loan obligations | 96,434,358 | 41,702,764 | 32,371,932 | 17,950,416 |

Colorado Parks and Wildlife – state park operations

About \$2.2 million from the operational fund is allocated for park operations. The Department currently uses these funds to support on-the-ground staffing and direct operating expenditures, and have indicated that funding is fully planned for. Refinancing the severance tax appropriation would likely result in:

- Staffing reductions – fewer seasonal hires, shorter seasonal employment periods, reduced daily staff coverage
- Reduced operating hours and services
- Potential closures during low-use periods
- Deferred routine maintenance – less frequent restroom cleaning, trash removal, trail grooming, and minor repairs
- Reduced discretionary services such as interpretive and educational programming
- Reduced operational flexibility – such as less ability to respond to peak visitation, special events, or unexpected issues
- Less funding available for capital projects and increased deferred maintenance

Parks Cash Fund

| | FY 2023-24 Actual | FY 2024-25 Estimate | FY 2025-26 Estimate | FY 2026-27 Estimate |
|-------------------------------------|----------------------|------------------------|------------------------|------------------------|
| Revenues | \$109,161,924 | \$122,042,348 | \$129,362,529 | \$130,017,535 |
| Expenditures | 100,875,751 | 115,147,429 | 135,663,574 | 140,202,620 |
| Net Cash Flow | 8,286,173 | 6,894,919 | -6,301,045 | -10,185,085 |
| Ending FY Balance (net cash assets) | 77,255,888 | 84,161,669 | 77,860,624 | 67,675,539 |

Short-term refinance options

Energy and Carbon Management Commission (ECMC)

About \$6.1 million is allocated to the ECMC. ECMC regulates the exploration, development, and conservation of Colorado's oil and natural gas resources, and has a direct connection to those who pay severance tax. It is mostly cash funded (\$34.0 million), including:

- primarily the ECMC Cash Fund (\$18.4 million);
- the Orphaned Wells Cash Fund (\$9.5 million); and
- the severance tax operational fund (\$6.1 million).

The Department has indicated that the ECMC fund could be a refinance option for the severance tax operational fund. However, they have also indicated that the ECMC fund’s revenue collections are not adequate for a long-term refinance of the current operational fund appropriation. Furthermore, current cash fund expenses are temporarily offset by term-limited federal grants that are causing the balance to not decrease as quickly.

The large fund balance may make a short-term refinance feasible. In recent years, the fund has also been used to stabilize the Stationary Sources Control Fund in CDPHE.⁷

The large cash fund balance was built up as a result of very high oil and gas prices in FY 21-22 and FY 22-23. The fund primarily receives revenue from the conservation levy of 1.5 mils. Without statutory change, it is possible to adjust the levy to a maximum of 1.7 mils. The Department projects that this would generate an additional \$1.7 million in levy revenue.

Annual expenditures from the ECMC fund were \$50.6 million in FY 23-24 and \$38.1 million in FY 24-25.

ECMC Fund Details

| Item | FY 23-24 | FY 24-25 | FY 25-26 | FY 26-27 |
|---|------------|------------|------------|------------|
| Net Cash Flow | -6,846,994 | -190,558 | -4,134,398 | -1,613,641 |
| Ending FY Balance (net cash assets) | 40,039,822 | 35,011,286 | 28,873,660 | 27,260,019 |
| Ending Balance as % of Annual Expenditures | 79.0% | 91.7% | 70.9% | 70.5% |

Limited refinance options

Colorado Avalanche Information Center (CAIC)

About \$1.3 million from the operational fund goes to the CAIC. The CAIC provides avalanche forecasting for both backcountry and highway safety purposes. The center is funded by:

- Severance tax operational fund (approx. \$1.3 million)
- CDOT fund transfer (approx. \$1.1 million)
- Keep Colorado Wild Pass (\$1.0 million transferred to the Colorado Avalanche Information Center)
- U.S. Forest Service (\$50,000)
- Snow Mobile Recreation Fund (\$2,000)

The Department has indicated that the current fund split is intentional – for example, funds from CDOT support highway forecasting whereas the severance tax operational fund and Keep Colorado Wild Pass support backcountry forecasting. Without severance tax, which supports approximately half of the backcountry forecasting budget, the Department anticipates reducing backcountry avalanche operations to the same extent – which may risk health, life, and safety.

To offset a severance tax reduction, it could be possible to increase the amount from the Keep Colorado Wild Pass. Adjusting the \$1.0 million allocation would require a bill to change the distribution of pass revenue.⁸ This

⁷ H.B. 24-1419 (Transfer to Stationary Sources Control Fund) transferred \$10.0 million from the ECMC Cash Fund to stabilize the Stationary Sources Control Fund in FY 23-24.

⁸ Section 33-12-108 (4)(e), C.R.S. specifies the distribution of Keep Colorado Wild pass revenue. The first \$36.0 million of revenue is allocated as -- \$32.5 million to the Parks Cash Fund, \$2.5 million to the backcountry search and rescue fund, and \$1.0 million to the CAIC. Remaining revenue is divided equally between the Parks Cash Fund and Wildlife Cash Fund.

pass revenue is TABOR exempt if used within the Colorado Parks and Wildlife enterprise, but becomes subject to TABOR when it is used on activities outside of the enterprise (e.g., CAIC).

Division of Reclamation, Mining, and Safety (DRMS)

About \$5.0 million of the operational fund goes to DRMS. DRMS is responsible for mine permitting and inspections, reclaiming abandoned mines, and training, testing, and certifying mine employees. This has a direct connection with entities that pay severance tax.

The division’s total funding is about \$9.2 million, over half of which is cash funds – primarily the severance tax operational fund. The division also spends about \$1.0 million from the Mined Land Reclamation Fund. The Mined Land Reclamation Fund receives fees paid by metal and construction materials mine operators, and brings in annual revenue of approximately \$1.0 million.

Grant Programs

Species Conservation Trust Fund (\$5.0 million). Without severance tax funding, the Department indicates that these projects could be paid out of the Wildlife Cash Fund, and would need to compete with all other wildlife priorities. The Department anticipates reduced or delayed conservation actions for at-risk species and less technical assistance and oversight.

The Department indicates that increased pressure on the Wildlife Cash Fund may result in:

- Fewer seasonal staff to help maintain wildlife areas or collect species data
- Reduced wildlife conflict response coordination
- Delays in equipment replacement, potentially delaying work or requiring costly repairs
- Less funding available for capital projects and increased deferred maintenance

Wildlife Cash Fund

| | FY 2023-24 Actual | FY 2024-25 Estimate | FY 2025-26 Estimate | FY 2026-27 Estimate |
|-------------------------------------|----------------------|------------------------|------------------------|------------------------|
| Revenues | \$236,164,264 | \$222,860,536 | \$245,331,211 | \$236,938,629 |
| Expenditures | 243,545,795 | 222,250,759 | 308,457,040 | 243,591,705 |
| Net Cash Flow | -7,381,531 | 609,777 | -63,125,829 | -6,653,076 |
| Ending FY Balance (net cash assets) | 195,490,552 | 195,771,168 | 132,645,339 | 125,992,263 |

Aquatic Nuisance Species Fund (\$4.0 million). Without severance tax funding, the Department indicates that these projects could be paid out of the Parks Cash Fund or Wildlife Cash Fund. Trade-offs would be similar to considerations outlined above for the Species Conservation Trust Fund and parks operational staffing.

A short-term finance may be feasible without significant programmatic challenges, as the Aquatic Nuisance Species Cash Fund has a large fund balance. The fund receives revenue from ANS stamps purchased by boaters, federal funds, and severance tax. Severance tax is the largest revenue source.

Aquatic Nuisance Species Fund

| | FY 2023-24 Actual | FY 2024-25 Estimate | FY 2025-26 Estimate | FY 2026-27 Estimate |
|-------------------------------------|----------------------|------------------------|------------------------|------------------------|
| Revenues | \$9,274,600 | \$10,513,110 | \$11,563,534 | \$12,670,776 |
| Expenditures | 8,264,064 | 8,388,023 | 10,694,224 | 11,247,845 |
| Net Cash Flow | 1,010,536 | 2,125,087 | 869,310 | 1,422,931 |
| Ending FY Balance (net cash assets) | 14,326,905 | 16,435,279 | 17,304,590 | 18,727,521 |

However, the Department indicates that a long-term refinance may lead to programmatic impacts such as reduced inspection and decontamination coverage, fewer staffed locations, fewer staffed hours, and reduced monitoring and outreach. It would also reduce the Department’s ability to manage issues such as the zebra mussel outbreak in the Colorado River.

Colorado Strategic Wildfire Action Plan (\$5.0 million). Created by S.B. 21-258 (Wildfire Risk Mitigation), COSWAP is comprised of two programs that provide grants to governments, tribes, public utilities, and non-profits:

1. Workforce development grants for Department of Corrections State Wildland Inmate Fire Team (SWIFT) crews and Colorado Youth Corps Association accredited crews to perform wildfire mitigation projects.
2. Landscape resilience investments for collaborative fuel reduction projects.

COSWAP is funded by the Wildfire Mitigation Capacity Development Cash Fund, which is comprised of an annual severance tax appropriation (\$5.0 million), ongoing General Fund transfer (\$1.0 million), and multiple one-time General Fund and stimulus fund transfers. Reduced severance tax funding would reduce the amount available to distribute as grants for wildfire mitigation.

Soil Conservation Grant Fund - Department of Agriculture (\$700,000). Funds are distributed to conservation districts for soil conservation activities including erosion reduction, weed control, and water management. An alternate fund source could be the Agricultural Management Fund (AMF), which has a FY 25-26 projected ending fund balance of \$5,024,801. The Committee has already taken action to use the AMF for General Fund relief,⁹ but JBC staff believes there may be capacity for the fund to take on an additional refinance of severance tax. The fund receives revenue from Unclaimed Property Tourism Promotion Trust Fund and may be used for activities at the Commissioner’s discretion.

Informational: General Fund in CSFS Cash Funds

During comeback presentations on March 23, 2026, the Committee asked about continuously appropriated cash funds in the Colorado State Forest Service (CSFS) and (1) how much of the fund is General Fund and (2) if these activities could instead be funded by Colorado Parks and Wildlife cash funds.

CSFS has two continuously appropriated cash funds.

The first fund supports the **Forest Restoration and Wildfire Mitigation (FRWRM) Grant Program** that primarily funds fuel and forest health projects within the wildland-urban interface. The program also funds local capacity building, which includes equipment purchases, outreach efforts, and staffing for groups that

⁹ During figure setting for the Department of Agriculture, the Committee approved a \$780,000 one-time refinance of General Fund in the Department of Agriculture with the AMF. This is \$457,000 ongoing.

plan/implement forest restoration and wildfire risk mitigation projects. Currently, the program receives \$8.0 million General Fund annually. In the past, the program also received some severance tax revenue.¹⁰ The fund balance as of February 2026 is approximately \$12.75 million, entirely originating as General Fund. With this balance, CSFS is planning:

- \$8.5 million for grants to be announced March 31, 2026
- \$1.15 million for obligated grants
- \$1.75 million for administration (technical assistance, grant development, grant review and expense processing, etc.)
- \$1.35 million for long-term monitoring and evaluation

The second fund supports the **Healthy Forests and Vibrant Communities (HFVC) Program**. The program has a variety of activities including assisting with Community Wildfire Protection Plans, outreach and technical assistance, supporting the use and marketing of wood products (including loans for small businesses), providing public geospatial data to assess wildfire risk and plan projects, creating an online grant portal, adding capacity for cross-boundary planning, and supporting the Wildfire Resiliency Code Board.

Prior to General Fund, the program was funded with Tier 2 severance tax revenue. Beginning in FY 21-22, the program started to instead receive \$2.0 million General Fund annually through the Long Bill. Since then, the program has also received additional General Fund through:

- S.B. 22-007 (Increase Wildlife Risk Mitigation Outreach) - \$800,000 (one-time)
- H.B. 22-1012 (Wildfire Mitigation and Recovery) - \$102,655
- H.B. 22-1007 (Wildfire Mitigation Resources) - \$127,985
- S.B. 23-005 (Forestry and Wildfire Mitigation Workforce) - \$15,000
- Conference committee amendment (Good Neighbor Authority Projects) - \$2.0 million (one-time)
- H.B. 24-1024 (Extend Outreach Campaigns) - \$40,000 (one-time)

The fund balance as of February 2026 is approximately \$10.9 million, entirely originating as General Fund. With this balance, CSFS is planning:

- \$1.7 million for Good Neighbor Authority projects
- \$2.0 million for mountain pine beetle response efforts
- \$2.9 million for salaries
- \$1.1 million for “reserve spend down” including activities like adequate nursery staffing, program specialists to assist with Good Neighbor Authority, online grant portal development, and existing contracts for the Colorado Forest Atlas and Colorado Wildfire Risk Assessment
- \$3.0 million to leverage federal investments from the U.S. Forest Service and Natural Resources Conservation Service
- \$0.3 million for one-time expenses (e.g., vehicles, supplies)

As described in a legislative declaration, Colorado Parks and Wildlife’s mission is to perpetuate wildlife resources, provide a quality state parks system, and offer sustainable outdoor recreation activities.¹¹ The CPW

¹⁰ See DNR figure setting (additional balancing options section) for more detail on program history, funding, and activities. https://content.leg.colorado.gov/sites/default/files/FY2026-27_natfig.pdf.

¹¹ Outlined in Section 33-1-101, C.R.S. for wildlife and Section 33-10-101, C.R.S. for parks.

enterprise has all these same powers and duties.¹² Additionally, the Parks Cash Fund is intended for “administering, managing, and supervising the state parks and outdoor recreation system and financing impact assistance grants”.¹³ The Wildlife Cash Fund is intended for wildlife-related activities.¹⁴

Activities covered by the Colorado State Forest Service, which operates outside of the Department and within Colorado State University, are largely not within the scope of the existing parks and wildlife enterprise. CSFS focuses on forest and watershed management, fire mitigation, pest control, seedling nursery operations, forestry business development, other activities not focused on wildlife and outdoor recreation.

General Fund reductions for the FRWRM and HFVC programs were proposed within the “Additional Balancing Options” section of the figure setting presentation for the Department of Natural Resources. A more detailed description of both programs and their fund sources can be found in the corresponding staff write-up.¹⁵

¹² Section 33-9-105 (2), C.R.S.

¹³ Section 33-10-111 (1), C.R.S.

¹⁴ Section 33-1-112 (1), C.R.S.

¹⁵ https://content.leg.colorado.gov/sites/default/files/FY2026-27_natfig.pdf

JBC Staff Comeback

Higher Education

JBC Staff: Alfredo Kemm, (303-866-4549)

Date: March 24, 2026

R1 Institution Operating and Tuition

Request

The Department requests adjustments of General Fund and tuition for institutions of higher education for FY 2026-27 totaling a net increase of \$90.5 million total funds, including \$4.7 million General Fund from state support and \$82.0 million cash funds from student tuition.

General Fund adjustments include:

- continuation of the FY 2025-26 supplemental reduction of \$9.5 million;
- a \$10.6 million increase intended to cover the institutions' cost of classified employees, to be made as a Step 1 adjustment (base, non-performance-based);
- a budget neutral Step 2 formula adjustment across institutions based on funding formula metrics;
- a statutory aligned increase of \$2.3 million for specialty education programs at CSU and CU;
- a statutory aligned increase of \$0.6 million for local district colleges and area technical colleges; and
- a statutory aligned increase of \$3.5 million for financial aid, of which \$0.7 million is included in R1.

The tuition adjustment is requested at a 2.6 percent increase for in-state undergraduate students and a 3.0 percent increase for all other students.

Institutions of Higher Education Statement on Base Core Minimum Costs

Nine of the 10 governing boards, excluding Colorado Mesa University, and the two Local District Colleges submitted a joint statement on base core minimum costs for consideration of funding for FY 2026-27.

The document identifies an increase in base core minimum costs for institutions statewide of \$136.5 million. The document does not request an amount of state support. It reflects a request for total funding across state support and tuition increases to meet that identified cost increase.

The base core minimum costs methodology identifies the following component increases:

- A 3.1 percent increase for salaries (equal to the Governor's request and COWINS agreement).
- A blended rate of 5.92 percent for benefits, that includes 10.0 percent for health, life, and dental, 3.1 percent for payroll-related items, and 2.3 percent for other benefits.
- A 2.6 percent increase for other operating expenses.

Recommendation

Updated staff recommendations include (modifications underlined):

1. *Restore the \$9.5 million supplemental reduction:* Restoring the FY 2025-26 supplemental reduction of \$9.5 million, as those amounts were originally appropriated by institution for FY 2025-26. This would restore the base funding originally appropriated.
2. *No additional state funding:* No additional state funding for institutions. Nevertheless, current law requires a budget neutral Step 2 formula adjustment across institutions based on funding formula metrics for FY 2026-27.
3. *COF adjustment (technical true-up):* Staff recommends a budget neutral balancing for College Opportunity Fund stipends and fee-for-service contracts totaling \$17.9 million across the governing boards.
4. *No additional aligned financial aid adjustment:* Financial aid was adjusted for FY 2025-26 consistent with the increase for FY 2025-26. Staff recommends no additional adjustment to institutions' state support-aligned financial aid.
5. *No additional aligned LDC or ATC adjustment:* No additional aligned increase for local district colleges or area technical colleges; only the restoration of the original FY 2025-26 appropriation.
6. *A 3.0/3.0 percent tuition increase:* A 3.0 percent tuition increase for all students, estimated to generate \$116.9 million in additional tuition revenue for institutions based on the LCS forecast. A 3.5 percent tuition increase is projected to generate an approximate tuition revenue increase of \$131.6 million based on the LCS forecast, an amount just short of the institutions' estimated base core minimum costs of \$136.5 million. However, it is staff's understanding that most institutions would not seek to set a resident undergraduate tuition increase beyond 3.0 percent, even with a higher cap. Additionally, the institutions' base core minimum costs are based on a 3.1 percent salary increase. The Committee's decision on salary increase is pending, but may be less than 3.1 percent. On that basis, staff recommends a 3.0 percent tuition increase.
7. *Tuition Footnote:* Adjust the tuition footnote for Committee tuition decisions along with staff recommended institution adjustments as identified on pages 151-152 of the JBC Staff Figure Setting document.

Additional Options for General Fund Relief – Proportional percentage reduction of funding for Institutions

| Option | General Fund | Other Funds | Bill? Y/N | Description |
|---|---------------|-------------|-----------|--|
| Expenditure Reductions | | | | |
| 5.0 percent proportional (non-funding formula) reduction for state support for institutions | -\$42,476,120 | -\$0 | N | Reduces state support funding for institutions by a 5.0 percent proportional reduction. This reduction does not use the funding formula for reduction. |
| 1.0 percent proportional (non-funding formula) reduction for state support for institutions | -\$7,973,161 | -\$0 | N | Reduces state support funding for institutions by a 1.0 percent proportional reduction. This reduction does not use the funding formula for reduction. |

Reduce state funding for institutions proportionally

Description: Staff reflects a reduction of \$42.5 million or \$8.0 million, based on the impact of a 5.0 percent or a 1.0 percent proportional reduction to state funding for institutions. This figure could be scaled up or down depending upon the funds required to balance. Depending upon the depth of cut needed, adjustments to protect more vulnerable institutions are also an option.

Division 5 – Governing Boards – Line Item Detail

Line Item Detail for Governing Boards based on Committee decisions for state funding and tuition.

Division 6 – Local District Colleges – Line Item Detail

The funding for Local District Colleges is aligned with the decisions for institution funding.

AHEC Common Policy Adjustments

The Auraria Higher Education Center (AHEC) identifies common policy-related cost increases totaling \$801,532. This includes \$611,431 for the requested 3.1 percent ATB/COLA increase.

Recommendation

Staff requests permission from the Committee to include an increase for common policy items based on Committee policy decisions for salary increases for AHEC. This will be reflected as an increase in General Fund for AHEC.

Staff will include a budget-neutral negative adjustment to state funding for the three institutions served by AHEC based on the historical methodology used for allocating costs that uses student headcount for non-facility costs and percent of buildings occupied for facility costs. This division of cost for FY 2025-26 includes: the Community College of Denver share of 13.0 percent; Metropolitan State University of Denver share of 49.7 percent; and the University of Colorado, Denver share of 37.3 percent. This will be reflected as decreases in General Fund in those proportions to offset the AHEC General Fund increase.

JBC Staff Comeback

Health Care Policy and Financing

JBC Staff: Eric Kurtz, (303-866-4952)

Date: March 24, 2026

Across-the-board provider rate adjustment

The JBC delayed deciding on an across-the-board provider rate adjustment for Health Care Policy and Financing. Each 1.0 percent change in provider rates costs or saves \$42.1 million General Fund. The total funds impact is \$111.0 million.

The JBC can scale this up or down. For example, for a -3.6 percent change in provider rates the General Fund savings would be:

$$-3.6 \times \$42.1 \text{ million} = -\$151.5 \text{ million}$$

Consistent with the OSPB request, this estimate assumes that an across-the-board provider rate adjustment is in addition to other provider rate adjustments already approved by the JBC. In some years, the JBC has exempted from an across-the-board rate adjustment the rates impacted by targeted rate adjustments. If the JBC wants to exempt some rates from the across-the-board adjustment, then it will reduce the fiscal impact of the common policy.

The table on the next page summarizes the estimated base eligible for a provider rate adjustment by line item. Not all of the Department's providers are eligible for a common policy rate adjustment. A large portion of the Department's providers have rates that are adjusted annually or periodically based on a federal or state statute or regulation, such as the cost-based rates for federally qualified health centers or the managed care rates for behavioral health. These rates are excluded from the calculation of the eligible base. For these providers, the Department forecasts the rate adjustments and includes them in the forecast requests (R1-R5).

Estimated Base Eligible for Common Policy Provider Rate Adjustment Adjusted for Payment Lag

| Item | Total Funds | General Fund | Hospital Provider Fee | Local Funds | Adult Dental Fund | Federal Funds |
|--|-------------------------|------------------------|-----------------------|---------------------|---------------------|------------------------|
| County Administration | \$134,495,560 | \$21,257,016 | \$8,311,190 | \$22,050,521 | \$0 | \$82,876,833 |
| Medical Services Premiums | 9,441,271,665 | 3,396,474,898 | 452,621,920 | 0 | 14,762,375 | 5,577,412,472 |
| Behavioral Health | | | | | | |
| Fee-for-service | 12,575,111 | 3,021,542 | 745,973 | 0 | 0 | 8,807,596 |
| Adult Comprehensive | 925,264,354 | 461,158,512 | 1,473,665 | 0 | 0 | 462,632,177 |
| Adult Supported Living | 91,620,759 | 34,610,158 | 11,200,222 | 0 | 0 | 45,810,379 |
| Children's Extensive Support | 172,151,979 | 86,075,990 | 0 | 0 | 0 | 86,075,989 |
| Children's Habitation/ Rehabilitation Program | 47,541,836 | 23,769,686 | 1,232 | 0 | 0 | 23,770,918 |
| Case Management | 180,954,034 | 86,561,959 | 4,511,751 | 0 | 0 | 89,880,324 |
| State Supported Living | 4,933,639 | 4,933,639 | 0 | 0 | 0 | 0 |
| State Case Management | 4,807,787 | 4,807,787 | 0 | 0 | 0 | 0 |
| Family Support Services | 10,495,969 | 10,495,969 | 0 | 0 | 0 | 0 |
| Preventive Dental Hygiene | 66,329 | 66,329 | 0 | 0 | 0 | 0 |
| Reproductive Health for Immigrants | 1,938,283 | 1,938,283 | 0 | 0 | 0 | 0 |
| Health Benefits for Children Lacking Access | 67,660,749 | 67,660,749 | 0 | 0 | 0 | 0 |
| Abortion care | 5,369,467 | 5,369,467 | 0 | 0 | 0 | 0 |
| Total | \$11,101,147,521 | \$4,208,201,984 | \$478,865,953 | \$22,050,521 | \$14,762,375 | \$6,377,266,688 |
| Each -1.0 percent change | -\$111,011,476 | -\$42,082,020 | -\$4,788,660 | -\$220,505 | -\$147,624 | -\$63,772,667 |

The table above uses the February 2026 forecast. The base is adjusted to account for the lag between when services are delivered and billed and paid. For a rate adjustment at the beginning of a fiscal year, the Department typically pays an average of 48 weeks at the new rate and the remaining 4 weeks in the next fiscal year. There are a few rates where there is no need for a cash flow adjustment, most notably for county administration.