



COLORADO

Governor Jared Polis

March 18, 2026

The Honorable Representative Emily Sirota
Chair, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Subject: March 18, 2026 Figure Setting Comeback Requests

Dear Chair Sirota:

On behalf of Governor Jared Polis, the Office of State Planning & Budgeting (OSPB) would like to thank the Joint Budget Committee for all their work during this budget season and to express our appreciation for the opportunity to submit this package of FY 2026-27 comebacks. Overall, the Governor continues to emphasize the balanced budget priorities requested on October 31:

- Investing in kids and our future by protecting K-12 funding
- Investing in the most vulnerable Coloradans and protecting and advancing public safety in Colorado
- Reducing agency expenditures that are necessary and fiscally responsible responses to the sharp drop in state revenue created by federal tax policy changes
- Slowing the growth of medicaid expenditures to put Colorado's budget on a more sustainable budget trajectory

The Administration is not coming back on many of the decisions the Committee has made. This includes over \$50 million of transfers and cuts compared to our submitted budget. This includes a sweep of an additional \$10 million of IIJA interest, \$10 million from the IT Revolving Fund sweep, \$27.8 million dollar sweep from UPTF to GF rather than to HDGF, and over \$8 million in cuts for OIT Common Policy.

This package includes minimal modifications to the Marijuana Tax Cash Fund (MTCF). OSPB will follow up on MTCF related items after the OSPB and LCS forecasts on March 19, however the OSPB January 2 MTCF submission is anticipated to remain balanced, with no further actions required.

The package of comeback requests supports the balanced budget strategy, and is mindful of the challenges we all face balancing this year's budget. We appreciate your continued partnership in finding meaningful, ongoing savings that address Colorado's budget challenges.

Sincerely,

A handwritten signature in black ink that reads "Mark Ferrandino". The signature is written in a cursive, flowing style.

Mark Ferrandino
Director
Office of State Planning & Budgeting

CC:

Senator Jeff Bridges, Joint Budget Committee Vice Chair
Senator Judy Amabile, Joint Budget Committee
Representative Kyle Brown, Joint Budget Committee
Senator Barbara Kirkmeyer, Joint Budget Committee
Representative Rick Taggart, Joint Budget Committee
Craig Harper, JBC Staff Director

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Attachment A: Figure Setting Comebacks by Department

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Department of Higher Education

Comeback #1: CDHE R-05 Additional Staff Support

	Original Request	JBC Action	Comeback Request
Total Funds	\$508,897	\$167,673	\$279,412
FTE	4.0 (annualizing to 5.0)	1.8 (annualizing to 2.0)	2.8 (annualizing to 3.0)
General Fund	\$508,897	\$167,673	\$279,412
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee approved 2.0 of the 5.0 requested FTE (one accountant and one compliance officer).

Summary of Comeback Request: OSPB appreciates the Committees decision to approve two of the requested positions. However, OSPB respectfully requests that the Committee approve one additional compliance officer.

Analysis:

The Department currently has no dedicated compliance staff. This creates increased risk for the Department as there is no dedicated central oversight to ensure fiscal processes are followed properly, and that requirements stemming from state and federal law and regulations are met. The request was for two compliance staff so that there was one dedicated staff to focus on fiscal compliance and one dedicated staff to focus on regulatory and legal compliance. These roles require different expertise and focus.

If only one of the two requested positions are approved, the Department will have to prioritize fiscal compliance at this time. However, the Department has over 500 statutory requirements, including over 50 reporting requirements. Without a dedicated regulatory compliance staff there is no one to ensure adequate tracking and managing of these statutory and reporting requirements across the whole department.

The Department has started a collaborative process with all the institutions of higher education to address recent audit findings, and this resource is needed to ensure that process is smooth and successful. Improvement in both fiscal and regulatory compliance is necessary for this process to produce the intended results.

Comeback #2: CDHE R-07 Rural Teacher Recruitment and Retention Reduction

	Original Request	JBC Action	Comeback Request
Total Funds	-\$1,213,097	\$0	-\$1,213,097
FTE	-0.8	0.0	-0.8
General Fund	-\$1,213,097	\$0	-\$1,213,097
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee denied the request to eliminate the appropriation for the Rural Teacher Recruitment and Retention Grant Program.

Summary of Comeback Request: OSPB respectfully requests that the Committee approve the original request to eliminate the appropriation for this grant program.

Analysis:

This is one of the requests put forward to achieve a balanced budget. This reduction is expected to have an overall minimal impact on rural teacher recruitment and retention due to several factors, including programs and funding in the Colorado Department of Education (CDE) that also focuses on this work. There are many factors that students and teachers consider when deciding to become and remain a teacher. As a result, the elimination of this program would not necessarily result in teachers automatically leaving their job.

The new school finance formula prioritizes funding for rural and small school districts by introducing a locale factor which provides additional funding for rural districts. This additional funding aims to support districts to help provide higher salaries along with other efforts to keep teachers in classrooms.

We have not requested to repeal this program from statute. This request is a budget balancing measure. Our request leaves the program in statute, so that a future JBC could reinstate appropriation to the program.

For Background:

The Rural Teacher Recruitment and Retention Program is operated by the University of Northern Colorado (UNC) at the Colorado Center for Rural Education (CCRE). The program was first created in SB16-104. This bill included a coordinator at UNC, stipends for teachers, support for a teacher cadet program, and funding for professional development for rural teachers. Subsequent bills also impacted the program. This includes SB18-085 that added stipends for additional teachers to pursue additional qualifications. SB20-158 changed the funding structure of the program by combining the program with the Rural Teaching Fellowship program. It also determined that after the fellowships are funded, 50% of the remaining funds would be available for teachers pursuing other licenses, 25% for student teachers who teach in rural areas, and 25% for continuous education stipends.

Department of Education

Comeback #3: CDE Staff-Initiated Elimination of Social Studies Assessment

	Original Request	JBC Action	Comeback Request
Total Funds	-\$233,273	TBD	-\$233,273
FTE	0.0	0.0	0.0
General Fund	\$0	\$0	\$0
Cash Fund	-\$233,273	TBD	-\$233,273
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee has not yet voted on this request; however, they have given Staff permission to draft two bills; one that will eliminate the social studies assessment entirely and one that will restructure the assessment as proposed by the Governor’s Office.

Summary of Comeback Request: OSPB respectfully requests that the JBC to run a bill that would restructure rather than eliminate the assessment.

Analysis: The restructuring proposed by the Governor’s Office will change the social studies assessment by moving from a sampling basis for fourth grade elementary and seventh grade middle school students to testing all students annually in seventh grade only. This would remove a testing requirement in the fourth grade while creating a more meaningful assessment for seventh grade participants. This proposed change will result in ongoing savings of \$0.2M from the State Education Fund while preserving the assessment. This restructure would reduce administrative burden, provide more meaningful data, and save the state money. This request shifts the administration of the social studies assessment to all seventh grade students and eliminates the administration of the assessment entirely in fourth grade. This restructuring is fiscally more responsible and reduces the per-unit testing costs to \$8.21 (CDE’s estimate for administering the test to all students in one grade is \$533,727 divided by 64,491 seventh grade students). Assessing all seventh graders would also provide the state with sufficient data to understand student proficiency on social studies standards. This proposal prioritizes assessing students in seventh grade over fourth grade

because the seventh grade assessment covers history, geography, economics, civics, and personal financial literacy, while fourth grade assesses only Colorado history.

Comeback #4: CDE Staff Initiated Academic Accelerator Grant Program (CO-AAP)

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	-\$6,000,000 - \$8,000,000 (estimate)	\$0
FTE	0.0	0.0	0.0
General Fund	\$0	-\$6,000,000 - \$8,000,000 (estimate)	\$0
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to reduce the Academic Accelerator Grant Program (Math in Pre-K through Twelfth Grade) by the total appropriation committed for FY 2026-27 which could be anywhere between \$6-8 million. This budget reduction was taken as a measure to assist with budget balancing.

Summary of Comeback Request: OSPB respectfully requests that the last round of funding is preserved for the Math Accelerator Grant program and no cuts are made to the already appropriated program.

Analysis: House Bill 23-1231 (Section 22-2-146.6, C.R.S.) created the Colorado Academic Accelerator Grant Program in CDE to create community learning centers that provide free academic enrichment and support activities to help students in science, technology, engineering, and math (STEM) to help students in high-need communities recover from math learning loss following the pandemic. The Department has received one-time appropriation of \$24,500,000 General Fund in FY 2023-24 for the grant program, and statute allows this appropriation to be used through FY 2026-27. According to the Colorado Department of Education the current unexpended, unencumbered balance of the funds from HB23-1231 that can be reverted back to the General Fund is \$8,411,542. The grantees are the same each

grant cycle and are currently anticipating a new award in FY 2026-27 which will not happen if the funds are taken back.

Since the 2024-25 school year, CDE has allocated close to \$16M to 22 grantees operating 53 community learning centers across the state. This has translated to approximately \$14M in savings for families on afterschool care, summer programming, and tutoring. A third party evaluator has also found that 55.8% of schools with COAAP programming had lower chronic absenteeism rates in 2024-25 compared to the prior year and 76.4% of students assessed showed improvement in mathematics after participation in COAAP. The [Year 1 report](#) of the program highlights that funded applicants had substantially higher scores in both narrative and priority areas compared to non-funded applicants. Further, funded applications averaged higher in total points, narrative points, and priority points, reflecting a strong alignment with the program's state priorities. [Year 2 Report](#) of the program highlights that schools with COAAP programming had lower chronic absenteeism rates when compared to previous years while 76.4 percent of the students assessed showed improvement in mathematics after participating in the program.

There is one year left remaining in this program, and many of the grantees would be a double hit this year with also losing funding through the proposed cuts to the Out of School Time Grant. The Governor's Office would like to prioritize CO-APP given its distinct focus on improving academic outcomes and to see through the legislature's investment in STEM and out of school time.

Department of Early Childhood

Comeback #5: CDEC Staff Initiated DEC SI-02 Reduction to Early Childhood Mental Health Services, Statewide Informational Comeback, Family Resource Centers

Summary of JBC Action: The Committee approved SI-02 Reduction to Early Childhood Mental Health Services which reduces funding available for Family Resource Centers by \$0.1M GF. Family Resource Centers provide food and nutrition services, parenting classes, housing assistance, and workforce training, among others. The Committee requested information on similar programs in other departments across the state.

Summary of Comeback Request: This is a statewide informational Comeback to address the Committee's question: *Agriculture, Public Health and Environment, Labor and Employment, Human Services, Early Childhood: Do these Departments offer services and resources that are also offered by family resource centers (food and nutrition services, parenting classes, housing assistance, workforce training, etc.)? If so, what are these programs? Where can these be consolidated?*

Analysis

The following departments across the state offer food and nutrition services, parenting classes, housing assistance and workforce training programs: the Colorado Department of Labor and Employment (CDLE), the Colorado Department of Public Health and Environment (CDPHE), the Department of Local Affairs (DOLA), the Colorado Department of Agriculture (CDA), the Department of Corrections (DOC), the Department of Early Childhood (DEC), the Office of Economic Development and International Trade (OEDIT), the Colorado Department of Higher Education (CDHE), the Colorado Department of Education (CDE), the Colorado Department of Human Services (CDHS), and the Behavioral Health Administration (BHA).

For program level details on workforce training, refer to p. 86 of the [Reimagining the Future of the Postsecondary Talent Development System in Colorado report](#), Appendix 5. Additionally, [H.B. 26-1317](#) is currently under consideration to transition oversight of workforce development programs to the Department of Higher Education in an effort to approach workforce development programs more effectively.

For a list of programs per department, the Executive Branch can provide this information via RFI after the legislative session.

Comeback #6: CDEC BA-01 Local Leads FTE Reduction

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	-\$294,750	\$0
FTE	0.0	-4.0	0.0
General Fund	\$0	-\$105,575	\$0
Cash Fund	\$0	-\$189,175	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee approved Staff recommendation to reduce \$0.3M total funds, including \$0.1M General Fund and \$0.2M Preschool Program Cash Funds and 4.0 FTE in the Personal Services line of the Division of Early Learning Access and Quality. Due to the consolidation of Local Coordinating Organizations and Early Childhood Councils, the roles and responsibilities of 4.0 Department FTE would shift to supporting quality in the child care sector. Staff argued that the expansion of quality work in the Department should be a separate request, and so did not recommend appropriating these positions through the Local Leads consolidation.

Summary of Comeback Request: OSPB respectfully requests that the JBC continue funding for the 4.0 FTE with new roles and responsibilities under Local Leads. The Department does not have sufficient funding to continue supporting those positions after funding is eliminated through this JBC action. The loss of FTE will risk statutory compliance and discontinue existing work. This comeback also addresses JBC questions regarding the new quality work the Department will be doing and how the work aligns with CCDF requirements.

Analysis

The 4.0 FTE positions Staff recommended eliminating are existing Colorado Universal Preschool FTE. No funding for local lead agencies has been reduced to cover the expenses of CDEC employees. With the consolidation of ECCs and LCOs, CDEC UPK staff will be absorbing additional responsibilities from the LCOs by taking on more of the enrollment and help desk responsibilities to ensure the program meets its statutory requirements within existing resources. The Department does not have

sufficient funding to continue supporting those positions after funding is eliminated through this JBC action.

The new roles and responsibilities of the existing FTE include ensuring implementation of the Colorado Universal Preschool statutory standards for program quality in three areas: Family and Community Engagement, Healthy Development, and Instructional Practice that lead to school readiness and a successful transition to Kindergarten. Because there are over 2,200 providers across the mixed-delivery system, CDEC staff will divide the work based on provider type in order to meet their specific needs. Having staff that can develop expertise in the needs and supports for each provider type will set the program up for success to reach the long-term goals of the program. Additionally, each staff member will have specific subject-matter expertise related to each State-mandated quality standard¹. The Department needs 4 FTE to complete this work and has provided a description of their duties below. The roles and responsibilities are designed to align with requirements in CCDF rule and state statute for Universal Preschool Program quality requirements to create the conditions and infrastructure necessary to support healthy child development and school readiness. It also focuses on developmental screenings, referrals and continuity of care. These positions support continuous improvement and implementation of quality standards as required in statute, which aligns with CCDF rule, but is separate and distinct from the CCDF-required quality work already being conducted.

1. 1 FTE will focus on the Resource Bank (required by Section 26.5-4-205 (3), C.R.S.) and its continuous development and maintenance, including reviewing new curricula requests, developing resources, and facilitating communities of practice. This position will ensure educators are utilizing appropriate developmental approaches, curriculum, developmental screening, and assessment tools. The FTE will work closely with the Workforce team on the Colorado Shines quality improvement system refresh to ensure alignment across UPK, CCCAP, and HeadStart. This position will require subject-matter expertise in preschool Special Education.
2. 1 FTE will focus on the school district alternative pathway for preschool programs and aligning child learning outcomes with the Colorado Department of Education and the early learning development guidelines. The school district alternative pathway is aligned to the QRIS but as most school districts are preschool only is being redesigned to preschool age specifically the UPK quality standards and newly and directly to CDE reporting pathways ensuring best developmental practices are expected, supported, leveraged and monitored.

¹ 8 CCR 1404-1 Universal Preschool Program Rules and Regulations (Pages 14-20) ([Link](#))

They will ensure training, coaching, and monitoring of the quality standards for preschool providers that work in school districts. The FTE will help develop and implement rules as new quality standards are released. They will support the creation of a data-collection and reporting system to house data on child learning outcomes to align with the work being conducted for the SLDS. The FTE will manage the process to ensure that preschool classrooms are assessed once every three years and the findings from the monitoring are used to improve services for children. This position will hold subject matter expertise in preschool Instructional Practices.

3. 1 FTE will focus on family child care providers offering preschool and ensure training, coaching, and monitoring occur in the quality standards. This position will help develop and implement rules as new quality standards are released. The FTE will support the creation of a data-collection and reporting system to house data on child learning outcomes aligned with the SLDS. This position will manage the process to ensure that preschool classrooms are assessed once every three years and the findings from the monitoring are used to improve services for children. This position will hold subject matter expertise in preschool Family and Community Engagement.
4. 1 FTE will work with child care centers providing preschool and ensure training, coaching, and monitoring occur in the quality standards. This position will help develop and implement rules as new quality standards are released. This position will support the creation of a data-collection and reporting system to house data on child learning outcomes aligned with the SLDS. The FTE will manage the process to ensure that preschool classrooms are assessed once every three years and the findings from the monitoring are used to improve services for children. This position will require subject-matter expertise in preschool Healthy Development.

Comeback #7: CDEC BA-01 Local Leads Informational Comeback

Summary of JBC Action: The Committee approved staff recommendation to consolidate Local Coordinating Organizations (LCOs) into the Early Childhood Councils (ECCs) line item instead of a separate line item called Local Leads as requested. Staff recommendation is aligned with Senate Bill 26-019 (Early Childhood Local System Consolidation) that addresses the policy changes from the consolidation. The Committee approved Staff recommendation to reduce \$0.3M total funds, including \$0.1M General Fund and \$0.2M Preschool Program Cash Funds and 4.0 FTE in the Personal Services line of the Division of Early Learning Access and Quality. Due to the consolidation of Local Coordinating Organizations and Early Childhood Councils, the

roles and responsibilities of 4.0 Department FTE would shift to supporting quality in the child care sector. Staff argued that the expansion of quality work in the Department should be a separate request, and so did not recommend appropriating these positions through the Local Leads consolidation. Finally, the Committee approved Staff recommendation to add a footnote clarifying that appropriations in the ECC line may not be used for the Department’s internal expenses.

Summary of Comeback Request: The JBC requested information on the following:

1. *Break out costs on how much funding was going to ECCs and LCOs before consolidation, and respective fund sources and line items for each.*
2. *Break out costs for how much funding will go to ECCs/LCOs after consolidation, and respective fund sources. Also break out how much funding after consolidation will fund quality work, and how much of this would be new funding to quality work*
3. *How much does quality work cost total, broken out by funding source?*

Analysis

The funding streams for the Early Childhood Councils are detailed below. The Early Childhood Councils are funded by CCDF Quality Activities funding and no additional funding is being requested at this time, so it does not decrease the available federal funds for CCCAP.

Table 1. Local Lead Long Bill Appropriations

Fund Source	FY 2025-26 Appropriation	FY 2026-27 Appropriation
General Fund (ECCs)	\$3,776,986	\$3,776,986
Cash Funds (Preschool Program Cash Funds for LCOs)	\$4,521,570	\$2,800,000
Federal Funds (Child Care Development Funds for Quality) ECCs)	\$8,265,241	\$8,265,241
Grand Total	\$16,563,797	\$14,842,227

The table below outlines estimated shifts in funding allocations between FY 2025-26 and FY 2026-27.

Table 2. Child Care Development Funds for Quality

Local Lead Funding	FY 2025-26	FY 2026-27
System-building	\$3,473,266	\$3,215,030
Base Quality Improvement Funding	\$2,630,021	\$4,310,021
Provider Navigation Funding	\$1,700,000	\$1,700,000
CCR&R	\$462,004	\$530,175
Quality improvement grants	\$5,087,001	\$5,087,001
UPK Enrollment/Technical Support	\$3,143,335	\$0
Grand Total	\$16,495,627	\$14,842,227

Comeback #8: CDEC R-01 Prioritizing CCDF investments (and CCCAP) Informational Comeback

Summary of JBC Action: JBC approved Staff recommendation to reduce CCDF appropriations by \$4.7 million (\$175,000 more than the R-01 request) in FY 2026-27 and ongoing, offsetting the requested increases to TEACH scholarships and apprenticeship with a \$175,000 reduction to Professional Development Information System (PDIS) investments.

Summary of Comeback Request: This comeback addresses the JBC request for information on the following: *What would be the consequence of the cut to PDIS? What could be cut instead? What is the Department's plan to get counties off of waitlists and freezes? What is the Department's plan for funding more families on CCCAP? What is the Department's plan to operate this program within federal funding limits?*

Analysis

What would be the consequence of the cut to PDIS? What could be cut instead?

More than 20,000 people use PDIS each month, and more than 375,000 courses were completed in 2025. Also, 30,000 early childhood professionals hold an active early childhood professional credential (ECPC), which is awarded through the PDIS.

Reductions would impact:

- System enhancements to improve usability and integrations with other systems, making it easier for professionals to use and access;

- Enhancements to reduce the paperwork burden on child care programs; for example, building child care qualifications into the system so they don't need to be checked manually by licensing staff during a site visit;
- Required training updates to align with current law, child care licensing rules, best practices, and health and safety guidelines;
- Availability and accuracy of required health and safety training;
- Workforce access to the free PDIS courses and learning management system; and
- Instructional design support to maintain the courses that are accessed by early childhood professionals to qualify for roles and improve the quality of care for all children in licensed care.

As for what could be cut instead, the Executive Branch has already submitted all the cuts to CCDF non-CCCAP expenditures that have minimal impact to families and providers at this time.

What is the Department's plan to get counties off of waitlists and freezes?

In the next two months, the Department will partner with counties through the CCCAP Allocation Committee and the Colorado Human Services Association (CHSDA) to explore options to begin serving new families in counties with waitlists and freezes, given the current underspend in the allocation. The Department will have more information to share with the committee in the next three months. The Department will also continue with the current mitigation strategies, which include:

- Working with federal partners on all waiver options available to states.
- Requesting federal approval that the current provider rate (which is currently the amount outlined in phase 2 of 3 of the Alternative Rate Methodology) resolves our current compliance finding. This would allow CDEC to maintain current rates, rather than increasing rates starting October 1, 2026.
- Stacking Universal Preschool Funds and CCCAP to support Universal Preschool funding being first-in for dually enrolled children.
- Evaluating policies that exceed federal requirements to identify where the Department may be able to pull back spending.
- Partnering with counties to evaluate County Optional Policies. This has included one-on-one conversations with counties about cost-containment decisions that make sense for their communities.

What is the Department's plan for funding more families on CCCAP? What is the Department's plan to operate this program within federal funding limits?

The Department's goal is to provide affordable, quality child care through the Colorado Child Care Assistance Program (CCCAP) to as many families as possible. The Department's plan to serve more families with CCCAP is to work with the counties that are on a freeze and currently trending to underspend to transition to a waitlist, which is detailed more below. Without additional funding and given the status of the CCDF balance, CCCAP will continue to have waitlists and freezes to sustainably serve families currently participating in the program and new families that are able to access the program.

As presented in the CCCAP memo to JBC Staff on March 3rd 2026 (refer to Appendix C in [CDEC Figure Setting document](#)), the Department is currently working with several counties to move from a freeze to a waitlist, which will **allow those counties to serve more children beginning this fiscal year**. Currently, those counties are El Paso, Douglas, and Montrose, all of which are projected to underspend their allocations in FY 2025-26. While counties on freezes do not admit any new families, counties on waitlists admit new families based on their ability to pay for them within their allocation, both in the current year and in future years. The Department is also actively engaging with other counties on a freeze and projecting to underspend in the current fiscal year to provide guidance on transitioning to a waitlist and beginning to serve new families.

A critical factor in the state's ability to serve additional families is the fiscal solvency of the Child Care and Development Fund (CCDF), as the annual federal award is less than the annual state appropriation.

To address the CCDF fund balance, the Department is looking at short-term, medium-term and long-term strategies:

- Short-Term: Moving counties from freezes to waitlists will enable counties to serve more children beginning this fiscal year.
- Medium-Term: The Department has [drafted a rule packet](#) that is moving through the typical rule-making process and is proposed to take effect on August 14, 2026. This rule packet includes several proposed changes, including measures that bolster the Department's fiscal controls and program oversight, such as clarifying the Department's authority to implement fiscal controls and manage statewide fiscal risk.
- Long-Term: Exploring the impact of the CCCAP Allocation Committee's proposal to reduce county allocations in the next fiscal year.

The Appendix C: CCCAP Update Memo in [CDEC Figure Setting Document](#) provides more

details on each strategy.

In addition to these strategies, the Department will also continue with the current mitigation strategies to serve as many families as possible, which include:

- Working with federal partners on all waiver options available to states.
- Requesting federal approval that the current provider rate (which is currently the amount outlined in phase 2 of 3 of the Alternative Rate Methodology) resolves our current compliance finding. This would allow CDEC to maintain current rates, rather than increasing rates starting October 1, 2026.
- Stacking Universal Preschool Funds and CCCAP to support Universal Preschool funding being first-in for dually enrolled children.
- Evaluating policies that exceed federal requirements to identify where the Department may be able to pull back spending.
- Partnering with counties to evaluate County Optional Policies. This has included one-on-one conversations with counties about cost-containment decisions that make sense for their communities.

Comeback #9: CDEC R-03 Universal Preschool Program increase UPK Informational Comeback and Comeback Request

	Original Request	JBC Action	Comeback Request
Total Funds	\$14,304,521	\$14,304,522	TBD
FTE	0.0	0.0	0.0
General Fund	\$3,804,663	\$1,902,332	\$3,804,663
Cash Fund	\$10,499,858	\$12,402,190	TBD
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee approved Staff recommendation to increase Universal Preschool funding by \$14.3 million, including \$1.9 million General Fund and \$12.4 million increased spending authority from the Preschool Programs Cash Fund. This drops the cash fund’s reserve to 8.9% under the OSPB forecast or 11.3% under the

LCS forecast. Staff recommendation splits this year's \$3.8 million inflationary increase between the General Fund and PPGM.

Summary of Comeback Request: OSPB respectfully requests the Committee reconsider action on Universal Preschool funding to 1) fully fund the requested General Fund and 2) set the cash fund appropriation using a 10% reserve target after choosing a forecast at the end of March. The General Fund requested reflects the statutorily required inflationary increase and aligns with legislative intent during the drafting of the Department of Early Childhood's statute. OSPB is also concerned with the potential impact of the cash fund reserve target falling below 10% and requests that the Committee determine the final cash fund appropriation based on a 10% reserve target after the revenue forecast.

In addition, this comeback addresses the JBC request for information on the following: *How is the Department thinking through whether increases to UPK, including funding more children at 30 hours, could be offsetting costs for CCCAP?*

Analysis

General Fund Inflation Increase

The General Fund in this request reflects the statutorily required inflationary increase. Currently, H.B. 26-1295 is being considered in the General Assembly to clean up the CDEC statute. Part of the bill proposes corrections to statute regarding annual inflationary increase for UPK and explicitly states that the increase would either come from the General Fund or the State Education Fund. The General Fund requested is estimated using a 2.6 percent inflationary increase based on OSPB's recent September 2025 forecast and will work with JBC Staff based on the forecast selected and updated inflation data. This increase would enable UPK to meet the growing demand for services, including continuing to provide full-day preschool for all low-income children with a qualifying factor.

Cash Fund Reserve Target

The FY 2026-27 funding for the Universal Preschool Program depends on the March forecast: specifically, the updated FY 2026-27 Proposition EE revenue forecast, the final determination of the calendar year 2025 inflation rate, and whether the JBC chooses to balance the budget against the OSPB or LCS forecast. As Staff noted during Figure Setting, the cash fund appropriation set by the Committee could leave the reserve either above or below the requested ten percent of revenues, depending on those factors. The requested 10% cash fund reserve target is expected to provide

sufficient funding in FY 2026-27 while leaving a healthy balance to ensure the sustainability of the program. OSPB advocates for the cash fund appropriation for FY 2026-27 to be adjusted to reflect a 10% reserve after the March forecast, consistent with the Committee’s adjustments to the Universal Preschool appropriation in prior years.

Offsetting Costs for CCCAP

In August of 2025, the Department promulgated the “stacking” rule, which is currently being implemented in two phases. “Stacking” means the practice of using only one funding source per time period of service, in this case, applying UPK funds before CCCAP funds. The amount of UPK funds used to serve UPK and CCCAP enrolled children offset CCCAP costs for the child. As of March 2026, there were a total of 900 stacking eligible children, that is, children in 30 hours of UPK with one of the full time types of CCCAP authorizations. Families of the 600 children have been contacted by counties, with 398 children now participating in stacking. Families of the remaining 300 children have not been contacted by counties yet. The offset in CCCAP costs is realized when a child's CCCAP authorization can be decreased to part-time and, therefore, successfully stacked with UPK. The Department continues to work with counties, organize office hours and training to increase awareness, and collect data during the first phase of implementation to better predict savings CCCAP could realize.

In Phase 1, dually enrolled children (CCCAP and Colorado Universal Preschool Program users) currently receiving ‘additional’ hours (full-day care) from Colorado Universal Preschool have the option to adjust their CCCAP hours to minimize their utilization of CCCAP funds. This approach will save CCCAP approximately \$725K to \$1M. In Phase 2, the remaining dually enrolled children (10- and 15-hour-per-week users) will participate in stacking beginning in 2026-27. Once fully implemented, this practice will save CCCAP approximately \$3 million annually. This would not reduce the CCCAP appropriation (of which \$128.3M is CCDF) for the counties. Rather, stacking will reduce costs for counties, who can use these savings to move children off of waitlists and freezes.

The Department created a stacking workgroup last year with counties, providers, and families to design the UPK/CCCAP stacking rules and process. While working with the group, a significant concern raised was the potential for family confusion with any changes made to their CCCAP case. Therefore, the workgroup created a process that mirrors the current CCCAP practice to make it as seamless as possible for families and county staff and developed communication templates for counties to use to contact families. Stacking changes the schedule for a family’s CCCAP schedule. Clear

communication with families is critical in order to explain the CCCAP schedule change requested, especially within the environment of widespread waitlists and freezes where families are concerned about being removed from the program.

Under 45 CFR 98.1(a)(2), 98.1(b)(1), 98.15(a)(5), and 98.30(f), the State is required to promote and allow parental choice. Aligning with those regulations, Colorado bases authorizations on family needs as required by C.R.S. 26.5-4-111(7)(e). Additionally, 98.45(m) and related federal guidance provides that CCDF services are not paid based on hours, but rather must be paid based on a child’s authorized enrollment, which is calculated exclusively as either on a part-time or full-time basis. Therefore, CCCAP funds are only saved when a child’s authorizations can be changed from Full-Time to Part-Time on the days a child is receiving both UPK and CCCAP at the same provider.

Comeback #10: CDEC Informational Item Early Intervention Audit

CDEC FY 2025-26 Early Intervention Long Bill Add-on

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	-\$1,000,000	-\$1,500,000
FTE	0.0	0.0	0.0
General Fund	\$0	-\$1,000,000	-\$1,500,000
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	0.0	0.0	0.0

Legislature (OSA) FY 2025-26 Long Bill Add-on

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	\$0	\$500,000
FTE	0.0	0.0	0.0
General Fund	\$0	\$0	\$500,000

	Original Request	JBC Action	Comeback Request
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	0.0	0.0	0.0

Summary of JBC Action: JBC Staff presented an idea to the Committee concerning a path forward for the Early Intervention (EI) program to improve financial management and increase transparency. Staff required information from the Department before putting forward a recommendation for the Committee to consider.

Summary of Comeback Request: The Executive Branch supports the Staff proposal for a performance / evaluation audit of the Early Intervention program and requests to work with JBC Staff to define the scope. OSPB respectfully requests that the JBC reduce the Early Intervention budget line by \$1.5M GF instead of the \$1.0M GF already approved during Figure Setting in FY 2025-26 based on anticipated reversions and appropriating \$0.5M GF to the Office of the State Auditor (OSA) in FY 2025-26 with rollforward authority to conduct the audit. We expect that the revised FY 2025-26 funding will be sufficient for Early Intervention; in the unlikely event that expenditures are higher than expected, the Executive Branch would request a 1331 emergency supplemental in June to ensure program continuity.

OSPB is providing feedback and recommendations regarding the EI audit proposal and information in response to the JBC’s request for information on the following:

1. *What is the Department's plan to figure out cost-per-child?*
2. *Of the information listed as potentials to gather and audit for Early Intervention (pg 60 in staff figure setting document), which of these does the Department already have access to through its contracts with brokers/evaluators? Which of these does the Department not have access to? What would the Department need to do or have in order to gain that information?*

Analysis

What is the Department's plan to figure out cost-per-child?

The Department is in the process of developing a methodology to calculate cost per child leveraging Early Intervention Broker contract information on budgets for administration, service coordination, and staff direct service provider costs, as well as

billing/service utilization information entered in the EI Data System. Because each child's service needs, length of stay in the program, and funding sources vary, it is challenging to develop an average cost per child based on appropriations alone.

Of the information listed as potentials to gather and audit for Early Intervention (pg 60 in staff figure setting document), which of these does the Department already have access to through its contracts with brokers/evaluators? Which of these does the Department not have access to? What would the Department need to do or have in order to gain that information?

The Department is currently missing information tying staff positions listed in the EI broker budgets to staff listed in the EI data system. The Department is working with brokers to include this information in FY 2026-27 contracts.

- Reimbursements to subcontractors per-service and total per-subcontractor reimbursement
 - The Department has access to this information through the EI Data System.
- Services provided through the EI program, and cost-per-service as well as cost-per-child
 - The Department has access to this information through the EI Data System.
- How many service units are provided by in-house staff versus subcontractors, and the related costs of those services per unit?
 - The Department has the information from the EI Data System to report the units provided to individual children. The salary information for employed staff is also available. The Department has been working to translate staff salaries into cost per child and is working with the EI Brokers to better identify staff positions listed in the personnel sections of their contracts as specific names cannot be listed in the contracts.
- A breakout of subcontractor and service reimbursements by funding source (i.e. Medicaid, private insurance, state General Fund, federal funds, and any other sources).
 - The Department has access to reimbursement amounts from the Early Intervention Services Trust (EIST), General Fund and Federal Part C as well as Mill Levy, where applicable. The Department does have access to Medicaid payment data for Targeted Case Management (TCM) and Direct

Services by child. The Department is in the process of working with the Department of Health Care Policy and Financing (HCPF) to continue refining reports to be able to tie specific children back to EI Broker salaried staff providers. The Department does not have access to private insurance records if they are not reimbursed by the EIST.

- Internal Department financial and operational records to administer EI
 - The Department has this information.
- Department contracts/agreements with the brokers
 - The Department has this information.
- When separate from brokers, individual evaluators' financial records to provide EI evaluations, which the evaluators are/would need to be required to maintain and make available to the Department.
 - EI Evaluations contracts are separate from the EI Services contracts, therefore, evaluation activities must be provided outside of the EI Services Contracts with the EI Brokers. There are 16 EI Evaluation Entities and the Department has insight into the amount invoiced and paid, per provider, per child for each evaluation activity through the EI Data System.

Best Practices in Other States

Regarding other states' best practices for billing and financially managing their EI programs, CDEC does believe that it would take a third-party consultant to thoroughly investigate the requested information regarding other states' practices. Each state is constructed uniquely so it is difficult to have a direct comparison. CDEC is committed to continuing to research the information. Regarding other states' models for ensuring an equitable and efficient distribution of financial resources, each state operates differently, and financial resources vary. For example, some states receive federal Part C funding without additional state resources; others have a system that automatically makes a child eligible for Medicaid once the child is determined eligible for Part C EI services. CDEC will continue to research this information, but it is not readily available, so it will take some time. CDEC will continue to research how other states use other federal funding sources to cover EI services, particularly as federal funds are the payer of last resort.

CDEC has done research on how other states ensure private insurance billing for EI, and some states bill private insurance similarly to the way Colorado utilizes the EIST.

Other states have a parent cost participation policy in place that prevents them from denying the use of their insurance, which Colorado does not. These states have a centralized system for billing and tracking insurance payments. The Department is continuing to explore this idea; however, it would be costly to implement, and we need to determine whether it would eventually pay for itself. The Department will continue to research how other states contain costs for EI, the forecasting of said costs for EI, and any other best practices useful in assessing Colorado's EI program.

Department of Labor and Employment

Comeback #11: CDLE BA-01/R-01 CDOO, new SPA Proposal and R-07 Office of Independent Living Services Reduction

Original Request	FY 2025-26	FY 2026-27	FY 2027-28
Disability Support Fund Cash Fund Revenue	\$14,699,490	\$0	\$1,513,591
Disability Support Fund Balance	\$23,491,629	\$9,781,267	\$578,607*
FY 2026-27 General Fund Balance Savings	\$7,000,000	\$14,954,312	\$13,185,899

*\$9,274,736 transfer from the DSF to the SPA was requested for FY 2027-28. That transfer is no longer present in JBC Staff Recommendation or OSPB Comeback.

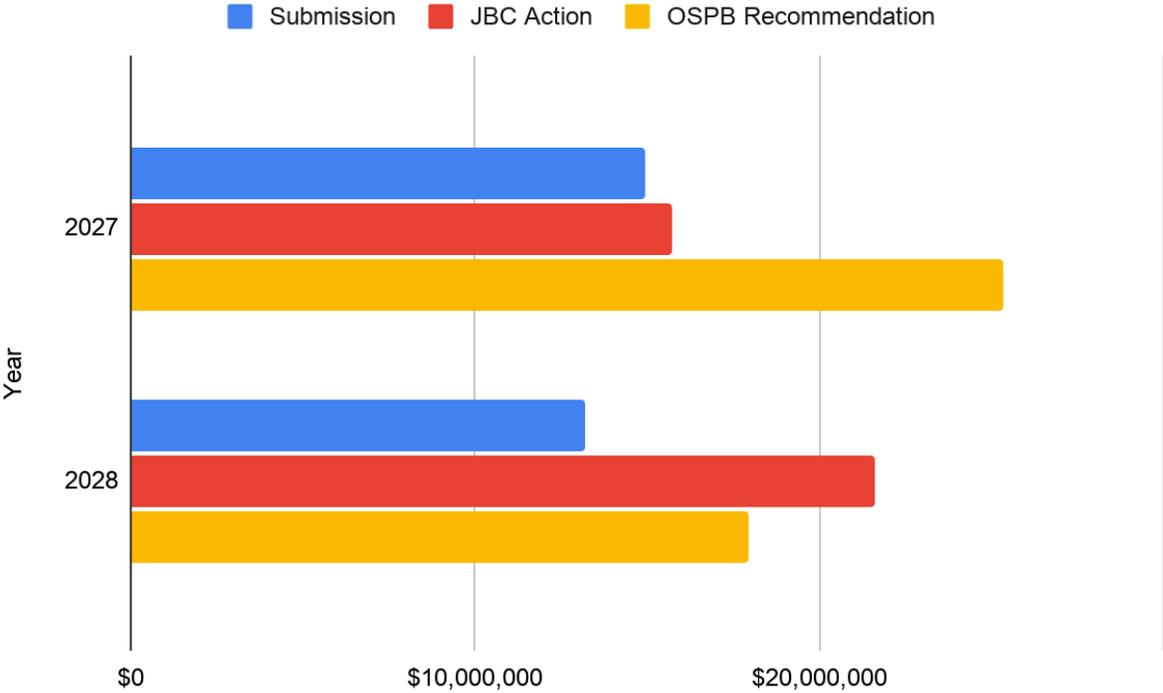
JBC Action*	FY 2025-26	FY 2026-27	FY 2027-28
Disability Support Fund Cash Fund Revenue	\$14,954,312	\$5,528,783	\$1,947,453
Disability Support Fund Balance	\$23,746,451	\$11,510,320	\$8,066,777
FY 2026-27 General Fund Balance Savings	\$7,000,000	\$15,697,599	\$21,635,979

*Revenue and interest projections have been updated for JBC staff recommendation based on latest CDLE projections.

OSPB Recommendation	FY 2025-26	FY 2026-27	FY 2027-28
Disability Support Fund Cash Fund Revenue	\$14,475,544	\$5,528,783	\$1,947,453
Disability Support Fund Balance	\$23,746,451	\$590,273	\$1,118,312

OSPB Recommendation	FY 2025-26	FY 2026-27	FY 2027-28
FY 2026-27 General Fund Balance Savings	\$7,000,000	\$25,367,365	\$17,916,563

Figure 1. General Fund Relief from Original Submission, JBC Action, and OSPB Comeback Recommendation



The bar chart above shows higher immediate savings for FY 2026-27 in OSPB recommendation and higher FY 2027-28 savings for JBC action.

Summary of JBC Action: The Committee approved Staff recommendation for CDLE R-01 and R-07. This included several changes including beginning collecting fee and donation revenue in FY 2026-27 instead of FY 2027-28 and refinancing \$4.1M to Centers for Independent Living (CIL) for four years, and setting fee in statute instead of being annually adjusted. This increases revenue to the Disability Support Fund (DSF) by \$4.9M (updated to \$5.5M in this comeback) in FY 2026-27 compared to the original request and eliminates the \$9.2M transfer in FY 2027-28 to the SPA as it is

expected to have enough funds to begin operations from donation revenue in FY 2026-27.

Summary of Comeback Request: OSPB appreciates JBC Staff's thoughtful analysis of the Department request and thanks the Committee for approval of the requested policy changes as well as for agreeing to sponsor the required legislation to enact those changes. We agree with JBC Staff's recommendation and the Committee's decision to begin collecting the fee and donation split in FY 2026-27, the statutory fee /donation split of \$2.50/\$22.50, and to not reduce the independent service line in the Division of Vocational Rehabilitation (DVR).

However, we respectfully request that the Committee reconsider its decision to refinance the Center for Independent Living's (CIL) General Fund appropriation to the Disability Support Fund (DSF) for the next four years. CILs are already eligible to receive grants from the DSF and several have applied and received awards. Directly funding CIL would bypass the competitive grants process. The amount proposed to be refinanced is the CIL's core budget, so refinancing that to funds that are meant to be awarded for temporary grant projects is not a suitable long-term budget solution. This refinance would create a \$4.1M fiscal cliff for CIL's core budget 3-4 years in the future.

Instead, OSPB recommends using \$13.8M from the DSF to fully fund phase 1 of the Colorado School of the Deaf and Blind (CSBD) West Hall Renovation Project, which is currently on the Capital Development Committee's recommended capital projects list for FY 2026-27.

In addition, we recommend giving one-time spending authority to the Vocational Rehabilitation Services line within the Division of Vocational Rehabilitation (DVR) for \$1M from the DSF. Each August, states have the opportunity to apply for reallocation of Federal funds that other state VR programs relinquish because they are either unable to meet the non-Federal match requirement or they are unable to fully spend their award. An additional \$1M would allow DVR to have the potential to draw down additional federal funds to reinvest in services to Coloradans with disabilities. The Federal VR Grants require a 21.3% non-Federal match (so, each \$1 of state funds brings \$3.7M of federal funds). DVR uses these funds on services for Coloradans with disabilities who require assistance to prepare for, obtain, retain or advance in competitive integrated employment.

However, as of January, 2026, there is a waitlist in place for vocational rehabilitation services provided by DVR. The waitlist is projected to grow to 7,500 people by the end of CY 2026. In Federal Fiscal Year 2023-24, \$174M was available from federal

reallotment and in Federal Fiscal Year 2024-25 \$215M was available for federal reallotment, based on historical precedent DVR is confident that additional VR dollars will be available for reallotment in Federal Fiscal Year 2025-26 as well. An additional \$1M in state funding would allow DVR to potentially pull down an additional \$3.7M in federal funds to reduce the waitlist by 1,150 individuals.

Overall, approval of this comeback would still provide \$9.7M more in budget balancing relief in FY 2026-27, and potential to draw close to \$3.7M in additional federal funds to reduce the waitlist for DVR services.

Comeback #12: CDLE Staff Initiated Sweep Remaining Qualified Apprenticeship Intermediary Grant Funding

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	\$0	\$0
FTE	0.0	0.0	0.0
General Fund	\$0	\$0	\$0
Cash Fund (Transfer to GF for Balancing)	\$0	-\$911,933	-\$394,082
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee approved a Staff-initiated item to transfer remaining funds from the Qualified Apprenticeship Intermediary Grants Fund to the General Fund and end the grant program one year earlier.

Summary of Comeback Request: OSPB respectfully requests that the JBC transfer a reduced amount of \$0.4M from the Qualified Apprenticeship Intermediary Grant to the General Fund and to not eliminate the program early. This will allow the Department to finish overseeing six current grant contracts in addition to four grants that were already finalized to be awarded for FY 2026-27.

Analysis

Every Registered Apprenticeship Program creates paid employment with progressively increasing wages as the learner builds their skills through on-the-job learning designed by and for employers, and supplemental classroom learning. These programs

are critical components of the state's strategies to meet the worker demands in critical industries like construction, manufacturing, healthcare, education, cybersecurity, hospitality, and food service.

The Qualified Apprenticeship Intermediary (QAI) supports the organizations that connect apprentices to high-quality employment opportunities, training, and occupationally relevant instruction. If someone attends an institution of higher education, this type of support is facilitated through different advisors. This grant program is critical in ensuring this support is provided to apprentices.

OSPB respectfully requests that the Committee allow \$0.5M to rollforward to FY 2026-27 to ensure that the program can complete its work overseeing six current grants and award four new grants that were already finalized for FY 2026-27. This will allow the Department to continue to properly monitor and close out its remaining grants to ensure their success and realize outcomes from the investments already made by the state. Without these funds the Department would no longer have the resources to properly track and close out these grant contracts. Below is a breakdown of remaining costs for new awards and FTE costs to maintain current and already finalized to be awarded new grants.

Table 1. New Grant Awards

Expenditure	Amount
Get on Your Feet DBA Fortified Academy	\$99,988
Jefferson County	\$100,000
Trailhead Institute	\$100,000
Workforce Colorado Rural Alliance	\$99,000
Total	\$398,988

Table 2. FTE Costs

Expenditure	Amount
PROGRAM ASSISTANT II 0.5 FTE	\$32,301
GRANTS SPECIALIST IV 0.5 FTE	\$39,123
AUDITOR III 0.3 FTE	\$23,474
Centrally Appropriated	\$23,965

Expenditure	Amount
Total	\$118,863

Comeback #13: CDLE R-05 Labor Standards Program Reduction

Summary of JBC Action: The Committee approved Staff recommendation to approve the R-05 Labor Standards Program Reduction without any accompanying legislation to reduce reporting requirements and instead chose to use vacancy savings based on data the Department provided for the current year.

Summary of Comeback Request: OSPB respectfully requests that the JBC make the Department’s proposed legislative changes to enable the Department to absorb the budget reduction. The data on vacancy savings provided by the Department are a snapshot in time and do not reflect an ongoing vacancy. This division’s responsibilities have grown through recent legislation. The Department anticipates filling the currently vacant positions in order to carry out its statutory responsibilities under H.B. 25-1001. These positions and the corresponding appropriation were provided through that legislation. If this appropriation is reduced without legislative changes, the Department will not have the necessary resources to implement the intent of that legislation.

Analysis

OSPB respectfully requests that the Committee sponsor legislation in conjunction with the Department’s [R-05 request](#) which includes reducing frequency reporting requirements and streamlining wage disputes. This will allow the Department to prioritize their statutory responsibilities on investigations regarding regarding transparency disclosures, deactivation notices, etc.

Provided below are the Department’s estimates of how many hours can be reduced through statutory changes leading to the submitted reduction.

Table 1. Hours Reduced through Proposed Legislative Changes

Position/ Expense Item	SHSA reporting hours reduction	TNC reporting hours reduction	Process change hours reduction	Savings Generated
Program Assistant I	624	125	83	\$29,838
Program Assistant I	624	125	83	\$29,838

Position/ Expense Item	SHSA reporting hours reduction	TNC reporting hours reduction	Process change hours reduction	Savings Generated
Compliance Investigator I	N/A	350	66	\$14,260
Analyst VI	250	126	40	\$30,345
Program Management III	125	63	20	\$17,879
Totals	1,623 hours	789 hours	292 hours	\$122,160

Absent a legislative change to meet the current reporting requirements, the Department would be required to delay hiring the additional FTE provided in H.B. 25-1001. This would result in approximately 34-45 fewer investigations per year (based on 60.5 hours per investigation, and a reduction of 2,080-2,704 work hours of 1.0-1.3 FTE).

Department of Corrections

Comeback #14: DOC R-01 / BA-01 Prison Caseload

	Original Request	JBC Action	Comeback Request*
Total Funds	\$12,105,810	\$0	\$12,105,810
FTE	59.0	0.0	59.0
General Fund	\$12,889,543	\$0	\$12,889,543
Cash Fund	-\$783,733	\$0	-\$783,733
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

*Requested funding reflects only the FY 2026-27 prison caseload funding, not the discussions underway about acquiring new prison capacity.

Summary of JBC Action: JBC Staff recommended this request, and concurred with both the need for the requested beds and the calculation methodology used by DOC in determining it. The JBC denied this request on a 4-2 vote, citing pending conversations with the Executive Branch on prison caseload reductions.

Summary of Comeback Request: OSPB respectfully requests that the JBC fully fund the prison caseload requests, as recommended by JBC Staff, in order to avoid serious and avoidable consequences for the health and safety of Colorado inmates, prison staff, local jails staff, and the public. OSPB also requests that JBC work closely with OSPB staff so that DOC is prepared for the capacity needed in FY 27-28, which may include acquiring a new prison or contracting for additional beds.

Analysis

In FY 2025-26, the legislature approved the utilization of 941 additional male prison beds (S-01 Prison Caseload, ES-01 Private Prison Utilization). The Department is in the process of opening these 941 beds. Opening 941 beds requires extensive planning and collaboration across multiple divisions, including the hiring of staff to safely operate the repopulated living units and coordinating the movement of over 700 inmates. Rejection of R-01/BA-01 Prison Caseload would abruptly undo these efforts as of July 1, 2026, leaving the Department to find alternative placements for all of the hired

staff, and leading to overcrowding without additional capacity for inmates occupying the opened living units. Overcrowding threatens the safety of inmates and staff and could not be resolved until the surplus population of inmates gradually were paroled out of DOC, which could take months or longer.

Should this request go unfunded, new inmate intake would also need to come to a stop, as the Department would need to close the 941 additional beds added by the FY 2025-26 supplemental, adding further strain to the system and increasing safety risks. These inmates will continue to be backlogged into the local jails system, straining the ability of Colorado counties to operate their jails and presenting serious risks to the safety of both inmates and staff at these facilities, which are not designed to hold prison-bound inmates long-term. Furthermore, the local jails lack the ability to provide programming for DOC-bound inmates, meaning that inmates backlogged into the local jails system will be limited in their ability to accrue earned time and achievement earned time, much less exhibit the kinds of positive behaviors that could potentially demonstrate readiness for parole.

Without additional bed capacity, the state's male bed capacity in FY 2026-27 will be capped at 14,936 beds (accounting for the operationally-necessary 2.5% vacancy rate in state prisons). Further, with jail backlog continuing to increase, the male jail backlog - which is already above 700 - will quickly climb to over 900 and continue increasing throughout the fiscal year, reaching nearly 1,300 by the end of FY 2026-27. In addition to the aforementioned risks to safety and inmate programming, allowing jail backlog to rise this high would put unprecedented strain on the state's relationships with the local counties, who have expressed operational and safety concerns about jail backlog numbers half that high in the past.

The additional \$1.9M approved for local jails through the BA-01.5 request on March 5 reflected a JBC Staff assumption that R-01/BA-01 would be fully funded. Even with this increase, the Department would be unable to pay local jails for this huge increase in backlog caused by unfunded prison caseload as soon as November 2026. Without additional capacity funded in the prisons, the projected cost of jail backlog for FY 2026-27 at a projected average of 1,071 is \$31.6 million General Fund (including female jail backlog), 2.5 times the cost of funding the additional 941 male beds.

JBC Members have stated repeatedly that their motivation for denying DOC's caseload requests - both for Figure Setting and earlier, during the supplemental process - has been to motivate the Executive Branch to consider prison population management options in addition to capacity options. Over the past several months, the Governor's Office has been engaged in good faith efforts to identify areas of opportunity for caseload growth management, both as part of the Prison Population Management

Measures discussions and via other mechanisms. The Executive Branch has already begun discussions with legislators to adjust the governing statutes on earned time for certain non-violent offenders and the prison population management measures, which will together increase opportunities for inmates to speed and expand their eligibility for parole.

These changes include increases to earned time accrual rates for certain non-violent offenders, expanding the number of programs that can yield Achievement Earned Time (AET), and the establishment of a prison population management board to identify and resolve bottlenecks in the parole eligibility and community corrections referral processes. While these changes will not have an immediate effect on caseload, they are expected to positively affect thousands of inmates in the medium to long term, which will have a moderating effect on the growth of the prison population. While these conversations are still ongoing, OSPB, DOC, and the rest of the Executive Branch remain committed to finding solutions that yield meaningful results in this space. But prison population measures alone are insufficient to address the state's growing DOC population, and additional capacity is essential.

Division of Criminal Justice prison population projections have consistently shown future growth in the State's prison caseload since the COVID-19 pandemic. While it is true that the rate of projected growth has varied, the prison population trend has been consistently positive, validating these projections. OSPB has no reason to believe that the most recent DCJ projections, even if incorrect in the rate of growth, will be inaccurate in the short-to-medium term about the overall trajectory of continued prison population growth.

The state's looming prison capacity crisis, however, will not be resolved by any combination of funded beds, PPMM, adjustments to earned time and AET, or program success alone. The math is clear: given current projections, approximately ~400 more inmates will be sentenced to state prison than are released to parole in each of the next several years. While these projections may change, responsible state budgeting requires us to plan with the data we have. For this reason, OSPB will outline below the Executive Branch's planned approach to manage this capacity crisis in the short-to-medium-term.

If the Committee elects to fund R-01 / BA-01 Prison Caseload, all remaining male bed capacity immediately available to the state will be filled. What remains will be only the 316 statutorily-restricted Level IV beds at Centennial Correctional Facility (CCF), which are currently authorized temporarily to house inmates during the Sterling Correctional Facility door lock project, and the 118 Level I beds formerly belonging to the Transitional Work Center (TWC) at Buena Vista that was suspended in 2009, which

are in poor condition and would be impractical and costly to convert into usable bed space. This leaves the state with few options for managing caseload once the current capacity is filled.

In OSPB's January 9th, 2026 letter to the Joint Budget Committee that accompanied the DOC caseload requests, the Executive Branch highlighted the need for a new facility and outlined continuing efforts to identify an appropriate facility and determine the best approach to funding that action.² Acquiring a new prison is a consequential action and one OSPB does not raise lightly. However, growth of prison caseload and the limited immediate effects of potential and already-realized prison population management measures leaves few alternatives that do not imperil the health and safety of inmates, DOC/local jails staff, and the public.

The Executive Branch has identified the acquisition of Huerfano County Correctional Center (HCCC) in Walsenburg, Colorado as a practical option available to increase net capacity in the near term. HCCC, which is currently owned by CoreCivic but not in operation, has at least 700 beds that could be updated through various infrastructure updates, new doors, toilets, and sinks to reach the Level III (medium-security) classification that the state most needs. The cost of the purchase and renovation of the facility is likely between \$150M and \$200M. To fund the acquisition and renovation of HCCC, OSPB proposes that the State use cash assets that are currently in the State's emergency reserve (\$100M of the Marijuana Tax Cash Fund (MTCF)) that can be offset with hard assets to make the reserve whole), combined with a COP for the remainder of the costs. OSPB proposes that the State use a portion of the annual ADLE payments as the fund source to pay the annual COP obligation(s).

If, instead of purchasing the facility, the General Assembly would rather contract for the additional beds needed to accommodate projected caseload beginning in FY 2027-28 (or even in FY 2026-27), there are several shuttered private facilities still available in the state. The Executive Branch believes that any of the available facilities would likely require a higher per diem rate than both DOC's existing private prison facility contract rate of \$67/day and the FY 2027-28 and ongoing rate of \$80/day already approved by the Committee during Figure Setting. DOC has existing statutory authority to enter into new contracts for private facilities, but the General Assembly would need to appropriate additional funding for more private prison beds at a higher per diem rate. Given the dynamic nature of negotiating per diem rates at mothballed facilities, the Executive Branch may require an exception from Section 17-1-105.5, C.R.S.

²  DOC Caseload Request Letter 1-9-26.pdf

Comeback #15: DOC R-04 eOMIS Support and Maintenance

	Original Request	JBC Action	Comeback Request
Total Funds	\$3,388,210	\$0	\$3,388,210
FTE	0.0	0.0	0.0
General Fund	\$3,388,210	\$0	\$3,388,210
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: JBC approved a Staff-recommended, net-neutral alternative to this request, funding the requested amount (\$3.4M GF) for the Electronic Offender Management Information System (eOMIS) but reducing an equivalent amount from the Payments to OIT line item rather than appropriating new GF.

Summary of Comeback Request: OSPB respectfully requests that JBC restore the funds cut from the Payments to OIT line in order to prevent operational disruptions to critical IT staff and services.

Analysis

The Joint Budget and Joint Technology Committees’ decisions to support funding for the development of eOMIS for the past 11 years have yielded an operational system, but one which will require ongoing maintenance and operation costs to continue the use of the program. Funding this system with an offset to OIT Common Policy is not a viable option, however, and would create severe impediments to the operation of critical parts of DOC’s infrastructure and procedures.

While DOC did underexpend the OIT Common Policy Payments line in FY 2024-25 by \$3.6M, DOC does not anticipate an underexpenditure in FY 2025-26. Many of the vacancies in OIT’s positions that exclusively maintain DOC systems have been filled, and these positions resumed billing services to Common Policy for FY 2025-26. The remainder of these DOC-related vacancies are expected to be filled and billing in the near future.

New subscription requirements for Microsoft Office and Adobe Acrobat software are expected to further strain DOC's OIT budget, with \$1.5M in additional subscription costs that will be billed annually to the Common Policy line replacing former one-time costs paid at the time of PC purchases. As a result of the expected shift in expenses from eOMIS project funding to "legacy" Common Policy, as well as the new subscription costs, DOC and OIT both project that the appropriation will be fully spent in FY 2026-27.

The Department has undergone an exhaustive review of every line in the FY 2026-27 utilization request. The findings of that review indicate that there is no discretionary spending allocated for the upcoming fiscal year. All dollars are tied to critical OIT staff and existing services. There are no allocations assigned to pending or future projects that can be postponed or delayed to another fiscal year. DOC will be forced to prioritize operational needs while reducing costs by cutting existing critical services and maintenance. This will affect operations in the present and will further contribute to tech debt and future reliability and security risks. In partnership with OIT, the Department conducted a comprehensive review and tabulation of the technology debt currently experienced by the agency. In a review of 54 systems and applications considered central to departmental operations, 87% were found to be severely deficient ('D' or 'F' letter grade). These applications include systems critical to department operations, safety, and wellbeing. Included among these deficiencies are the department's pharmacy system, aging legacy applications, DOC's internal intranet system and embedded applications, and other failing solutions. Maintenance of these legacy systems comes at significant cost to the Department.

Comeback #16: DOC Delta Correctional Center Fence Capital Construction Project

Summary of JBC Action: JBC has taken no action on this item yet.

Summary of Comeback Request: This is an informational comeback to clarify the intentions behind the Delta Correctional Center Level II Perimeter Security Request, which was placed below the funding line by the Capital Development Committee.

Analysis

JBC Staff's evaluation of the Delta Correctional Center (DCC) fence capital construction project accurately notes that the Department's decisions on security classifications are discretionary, and that the project would not create substantial "new" capacity. The primary benefit of the DCC fence project, however, is not to create new capacity, but to exchange unused capacity in the minimum security classification ("Level I") for critically needed capacity in the lower- and

medium-security classifications (“Level II / III”). Currently, the Department struggles to fill beds in Level I facilities, but consistently operates at the limits of Level III bed capacity.

JBC Staff and legislators have suggested that rather than fund the DCC fence project, DOC might simply restructure their security classification scheme such that several hundred inmates currently deemed Level II or Level III have their security classification downgraded, filling the beds at Delta without the need for a fence.

The Executive Branch respectfully disagrees with this approach. For one, security classifications are not - and should not be - driven by caseload concerns, but rather by the safety needs of inmates, staff, and the public. Inmates placed in security classifications above minimum are typically classified into those categories as a result of behavior and decisions that present a risk to others. Jeopardizing the well-being of minimum- and lower-security inmates by artificially deflating the security classifications of inmates who would otherwise be placed in more secure facilities for budget/caseload reasons alone would undermine the responsibility borne by the prison system to protect the people it incarcerates.

Additionally, the Department’s security classification framework is not arbitrary; it is the result of regularly-renewed evaluations of the inmate population and comparison with national best practices. When a decision is made to implement an override or a variance to classification determined by the validated classification instrument, the overall risk profile of the institution becomes immediately elevated. Specifically, an override results in the placement of higher-risk offenders into lower security classifications than they would otherwise merit. This security degradation fundamentally heightens the threat to staff safety, the well-being of other offenders, and the general public, particularly in minimum-security (Level I) facilities.

Department of Public Safety

Comeback #17: CDPS Staff Initiated SI-07 Elimination of GF and HUTF from CATPA

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	(\$8,197,059)	(\$3,086,790)
FTE	0.0	(6.0)	(5.0)
General Fund	\$0	(\$7,651,632)	(\$2,651,632)
Cash Fund	\$0	(\$545,427)	(\$435,058)
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to approve the Staff-initiated request to eliminate all General Fund and Highway Users Tax Fund in the Auto Theft Prevention Authority line item in order to support budget balancing. This amounts to a 57% reduction in auto theft prevention funding.

Summary of Comeback Request: OSPB respectfully requests that the Committee restore \$5.0M GF and \$0.1M HUTF (including 1.0 FTE). This request would result in an overall funding reduction of \$2.7M GF and \$0.4M HUTF, including 5.0 FTE. This request would support CATPA at the level funded by S.B. 23-257.

Analysis

Since its increase in funding in S.B. 23-257, and subsequently the JBC action in 2024 to provide over \$8 million in ongoing funding, the Colorado Auto Theft Prevention Authority (CATPA) has been extraordinarily effective at fighting auto theft. To highlight a few statistics:

- From 2024 to 2025, auto thefts decreased in Colorado by 35%. This is the second-highest reduction rate among all U.S. states, even with a nationwide decrease of 23%.
- As of February 2026, auto thefts are down 39% compared to February 2025.
- CATPA-funded task forces have experienced a 34% reduction in ten (10) statewide high-density theft areas.

- Colorado's recovery rate is at 80%, much higher than the national average of 50-60%.

Yet, even with all this progress, Colorado is still ranked #5 among U.S. states with the highest auto theft rate, at 281.56 thefts per 100,000 people. This is drastic improvement from two years ago, when Colorado was ranked #1 by a wide margin, but there is still ample progress to be made.

CATPA has played a critical role in some of the most high-profile auto theft prevention success stories of the past few years:

- Auto theft at Denver International Airport (DIA) is down 70% from two years ago. This is the product of a concerted effort involving several entities, many of whom are supported by CATPA, such as the CATPA Metropolitan Auto Theft Task Force (C-MATT), the Colorado State Patrol Beat Auto Theft Through Law Enforcement task force (BATTLE), and the Colorado State Patrol Auto Theft Intelligence Coordination Center (ATICC).
- Operation Pit Viper. The Attorney General's Auto Theft Initiative, which receives support from CATPA, successfully prosecuted a multijurisdictional organized crime case involving seven defendants, 49 victims, and 22 law enforcement agencies across seven counties and five other states. The auto theft ring had stolen 44 vehicles with an estimated combined value of \$872,952. The BATTLE task force, supported with crime analysis and statewide tracking and reporting systems from CATPA, investigated an organization of individuals operating a large-scale theft ring throughout Mesa and Garfield counties in Western Colorado and adjacent areas of Utah. This case involved crimes committed in the counties of Adams, Arapahoe, Denver, Garfield, Larimer, Mesa, and Weld counties, as well as four counties in Utah and one county in Oklahoma.

Due to success stories like these, CATPA has been used as a regional, national, and international model in demonstrating best practices for statewide vehicle theft prevention. The CATPA program has been instrumental in establishing best practices for auto theft prevention authorities with the International Auto Theft Investigators for funding and strategizing programs involving specialized prosecution, crime analysis, vehicle hardening, automated license plate reader systems, the use of bait cars, and public education awareness. At least ten other states have turned to CATPA for assistance in either implementing or seeking improvement on their auto theft prevention authorities. CATPA has been acclaimed by many of the other 23 state/provincial/county programs as a model for providing an innovative and comprehensive approach to vehicle crime prevention.

CATPA Structure

The Committee expressed some confusion and concern about the structure of CATPA, particularly with regard to whether the Colorado State Patrol (CSP) is granting funds to itself to then subgrant to other entities.

While CATPA is created under the Department of Public Safety and exists in the CSP section of the Long Bill, it is not under the supervision or control of the CSP. Nine of the eleven members are appointed by the Governor, and while CSP staff support the board, they do not have any voting rights on CATPA board matters. (There is one notable exception for a member of the CSP who is appointed to the board but recuses himself from votes related to the CSP.)

Since the CATPA board awards grants to a Grant Applicant Agency (GAA), there are cases where the CSP is the grant recipient. In those cases, the CSP represents a multi-agency application – sometimes a partnership with more than 60 agencies statewide – that requires one entity to serve as the GAA.

Further, the CSP does not sub-grant dollars to its partners in multi-agency initiatives, but rather uses a memorandum of understanding (MOU) to ensure operations, fiscal management, and reporting compliance with the provisions of the CATPA grant agreement.

In summary, the CSP does not grant funds to itself, nor does it sub-grant its grant dollars to other entities.

Auto theft nexus with other crimes

While it is understandable to view auto theft primarily as just a property crime, a vast majority of auto theft crimes are committed in connection with other crimes. One study found that, of 2,392 motor vehicle theft cases, 2,327 (97%) had associated charges of other crimes.

Fighting auto theft supports the prevention of all crime. It does more than to strengthen economic security for Coloradoans; it makes Colorado a safer place.

Increase in CATPA Cash Fund Spending Authority

The Staff recommendation sought to partially compensate for the loss of General Fund and HUTF appropriations by increasing the Department's spending authority out of the Auto Theft Prevention Cash Fund by \$1.0M.

This increase in spending authority will not translate to any additional programming, as revenues in the cash fund already come in below existing spending authority. While the cash fund does carry a significant year-end fund balance, that is due to the timing of revenue collections and grant cycles. Revenue collections occur in January and June, so CATPA cannot grant out the June revenue collection until the following fiscal year.

Comeback #18: CDPS Staff Initiated SI-10 Increase Revenue to MCSF

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	\$0	\$0
FTE	0.0	0.0	0.0
General Fund	\$0	\$0	\$0
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee asked Staff to draft legislation to transfer \$0.5M from the Highway Users Tax Fund (HUTF) to the Motor Carrier Safety Fund (MCSF), with the plan to then use the updated MCSF fund balance of \$1.1M to offset one year of HUTF expenditures in the Colorado State Patrol’s (CSP) Motor Carrier Safety program. The goal of this action was to provide relief to the overburdened CSP HUTF appropriation.

Summary of Comeback Request: OSPB respectfully requests that the Committee deny this Staff-initiated request, keep the HUTF appropriation to the Motor Carrier Safety program at the original request level (\$1.1M), and use the remaining balance of the MCSF (\$0.6M) for the CSP’s Records Utilization Upgrade (RUU) IT Capital request, which will in turn reduce the CSP’s FY 2026-27 HUTF burden such that a refinance of the Motor Carrier Safety program is not needed to keep the CSP’s appropriation under the cap.

Analysis

The CSP’s Motor Carrier Safety program has a total appropriation of \$4.9M, of which approximately 80% comes from federal grants. The remaining 20% (\$1.0M in FY

2025-26) is appropriated out of the HUTF. The MCSF has not supported the Motor Carrier Safety program for the last three years due to insufficient revenues, but due to HUTF costs exceeding the cap for FY 2026-27, staff has presented options for refinancing the program out of the HUTF.

The Committee initially explored the idea of restructuring the Public Utilities Commission’s Motor Carrier Fund (MCF) so that more funds would spill over into the MCSF, but determined that the alignment of revenues and expenditures in the MCF require that increasing MCSF revenue could only be done with programmatic cuts or fee increases. For the same reasons, OSPB agrees that restructuring the MCF is not an optimal solution to the HUTF overage.

On March 12, the Committee voted to transfer \$0.5M from the HUTF to the MCSF, in order for the MCSF to carry a sufficient balance to refinance the Motor Carrier Safety program out of the HUTF for one year. This would reduce available funds for the Department of Transportation, as well as local governments.

OSPB believes that the best option is not to supplement the fund balance of the MCSF so it can be large enough to fully offset the HUTF appropriation to the Motor Carrier Safety program. Rather, OSPB believes the best option is to use the existing fund balance of the MCSF to help balance the HUTF through other means, so that there is no longer a need to refinance the Motor Carrier Safety program. That proposal is outlined in Comeback #19.

Comeback #19: CDPS R-04 Refinance HUTF Salary Survey

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	\$0	\$0
FTE	0.0	0.0	0.0
General Fund	\$2,987,065	\$0	\$0
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to approve the Staff recommendation on R-04 Refinance HUTF Salary Survey, denying the Department’s request for a

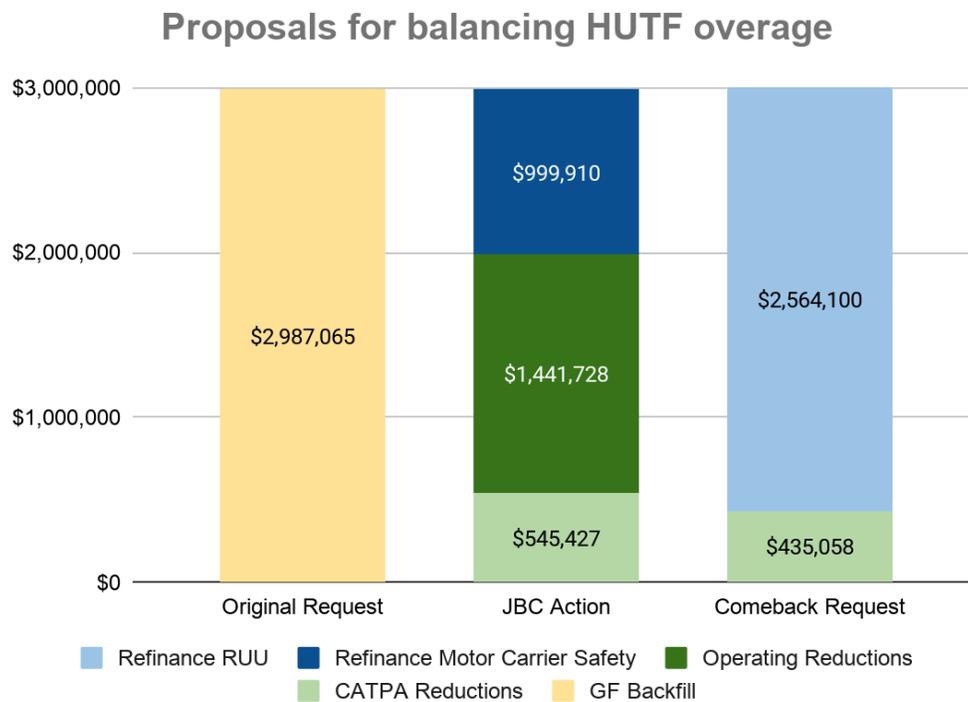
General Fund backfill on the CSP’s HUTF costs in excess of the 6% growth cap. The Committee requested a comeback from the Department on its preferred way to implement this action.

Summary of Comeback Request: OSPB is comfortable with the Committee’s decision to deny a General Fund backfill and proposes an alternative path to balancing the CSP’s HUTF appropriation. OSPB respectfully requests that the Committee use two cash fund balances to cover the final phases of the Records Utilization Upgrade (RUU) IT Capital Continuation request (\$2.6M), which had initially been requested out of the HUTF. Additionally, as noted in Comeback #17, OSPB proposes a \$0.4M reduction in the HUTF appropriation to the Colorado Auto Theft Prevention Authority (CATPA) to close the remaining gap between the growth cap and expenditures.

Analysis

This comeback proposes balancing the HUTF by reducing expenditures by \$2,999,158. Of this reduction, OSPB proposes that \$2,564,100 come from a refinance of the RUU request and \$435,058 come from a reduction in the CATPA line. This would reduce the HUTF burden by \$2,999,158, leaving the CSP under the FY 2026-27 cap by \$12,093.

Figure 1. Proposals for Balancing HUTF Overage



Under this proposal, the RUU refinance would come from two cash funds:

- \$1,976,782 from the Motorcycle Operator Safety Training (MOST) fund, which the committee already approved sweeping during CDPS figuresetting.
- \$587,318 from the Motor Carrier Safety Fund (MCSF). OSPB’s proposal to use these funds for RUU, rather than leave them in the MCSF and make adjustments to increase revenue in order to offset HUTF, is detailed in the Comeback #18.

OSPB proposes that the remainder of the gap between HUTF expenditures and the 6% growth cap be covered with a \$435,058 reduction in the CATPA line. The committee has already approved a reduction of \$545,427 in that appropriation. Comeback #17 requests that the committee restore \$110,369 of that appropriation.

Comeback #20: CDPS R-01 Backfill Federal Funding for DHSEM Programs

	Original Request	JBC Action	Comeback Request
Total Funds	\$7,078,771	\$4,461,131	\$6,103,669
FTE	48.7	29.7	40.7
General Fund	\$7,078,771	\$4,461,131	\$6,103,669
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to approve the Staff recommendation to partially fund the Department’s request. Of the \$7.1M requested, the Committee voted to fund \$4.5M, covering all operational costs and non-vacant FTE in the Division of Homeland Security and Emergency Management (DHSEM) that were previously supported by federal grants. The Committee followed Staff’s suggestion that vacant FTE and local emergency management support are lower priorities and not in urgent need of funding.

Summary of Comeback Request: OSPB respectfully requests that the Committee increase the funding level to \$6.1M GF. This would cover three current FTE that were previously vacant due to a hiring freeze associated with the uncertainty around federal funding, as well as adding a leaner support team to work with local

governments. This would result in the restoration of 8.0 of the 15.0 new FTE requested in R-01 and denied by the Committee, on top of the 3.0 existing FTE transferred from Federal Funds to General Fund. The current JBC action would leave the Department at 18.7% of its previous federal funding level of \$23.8M, while this comeback would fund the Department at 25.6% of that level.

Analysis

This comeback primarily addresses two components of the staff recommendation: vacant FTE positions and additional staff to support local governments.

Vacant FTE Positions

The staff recommendation did not include funds to backfill FTE positions that were vacant at the time the R-01 request was submitted. The logic behind the recommendation is valid, but OSPB believes this particular situation constitutes an exception. At the time of the budget submission, the Office of Emergency Management was on a hiring freeze to help maintain its ability to provide local grants. This has had an impact on the Division with a reduction of services. The positions that were filled are mission-critical positions related to planning, response, and the ongoing recovery operations, including the disasters in Rio Blanco, La Plata, and Archuleta Counties, which were denied a major disaster declaration by the President.

Specifically, the Department requests to retain three positions that have been filled since the November 1 submission:

- A field manager position, who was deployed directly to Rio Blanco County to assist at the emergency operations center (EOC) during the response and early phases of recovery.
- A planner position, which maintains the State's Emergency Operations Plan and develops State Incident Support Plans during emergency operations.
- A Watch Center Analyst position who supports the 24/7 Watch Center within the Colorado Information Analysis Center (CIAC). This position maintains statewide situational awareness and real-time information sharing regarding incidents, emerging threats, and other events that may require a state response.

Support for Local Emergency Management Programs

The staff recommendation did not include funds to support local emergency management programs, noting that emergency management is a local responsibility and that the need to backfill funding may be temporary. Once again, OSPB agrees

with the thinking, but believes this case is an exception. Emergency management is indeed a local responsibility, but serious emergencies quickly become state responsibility, and it is incumbent on the state to provide requisite support to local governments when their main lifeline, the Emergency Management Performance Grants (EMPG), is no longer available.

Specifically, this comeback request would fund:

- Five planner positions assigned to field operations teams. These positions will provide technical assistance, facilitate local planning coordination, and assist with drafting and assessments of local and tribal plans. While the original request would have supported all ten statewide service areas with planners, this comeback prioritizes rural areas with the highest need of resources for planning support.
- Two FTE in recovery operations. For local governments, it is financially impractical to maintain full-time staff fluent in the intricacies of disaster recovery programs. Events that require large-scale recovery efforts in Colorado happen relatively infrequently, and maintaining a professional position with the required knowledge is expensive. Therefore, many local governments inevitably lack the specialized recovery knowledge required when an emergency occurs. The requested FTEs will bridge this local capacity gap by helping to plan for, and immediately stepping in to execute highly technical, highly regulated recovery functions when an incident occurs.
- One Integrated Preparedness Specialist to assist counties in developing preparedness plans. The program uses data that are obtained through county/tribal level emergency preparedness assessments to formulate local and tribal strategic plans.

Recognizing that all disasters begin and end locally, even with a local investment, there is still an urgent need to maintain statutorily required plans and coordination, especially in our more rural areas.

Federal Funds Update

While the Department has signed both the 2025 Emergency Management Performance Grant (EMPG) and Homeland Security Grant Program (HSGP) awards, it has not been able to draw the awards. All HSGP funds are on an administrative hold until FEMA reviews and approves each individual project that will be funded by the award, and they have not provided instructions on how to submit projects for review. The EMPG program is also on hold, but there isn't a separate project review process.

There is no timeline on when FEMA will accept the projects or remove the hold. The 2026 NOFO codified the “manual review” process for each reimbursement request, which is what was used to hold up previous awards. To further complicate matters, the partial government shutdown impacting the Department of Homeland Security has halted all submissions and reviews.

Finally, FEMA appealed the favorable rulings in *Illinois vs FEMA (1:25-cv-00206)* and *Michigan vs Noem (6:25-cv-02053)*. These rulings deemed new terms and conditions related to immigration enforcement, illegal and prohibited FEMA from arbitrarily changing the period of performance of these awards, respectively. If the State loses either of these cases on appeal, we would no longer be able to spend any previously awarded funds, and the ruling may trigger a possible repayment to the federal government.

The Department is extremely grateful for the Committee’s support during this uncertain time and is committed to returning whatever components of this request are deemed unnecessary due to changes in federal funding.

Anticipated Disaster Needs This Year

Colorado faces a high-consequence spring and summer 2026 defined by intersecting hazards: a critically low snowpack (61% of the historical statewide median), the warmest water year on record in 131 years, advancing drought, and an early wildfire season already underway. Public Safety Power Shutoffs (PSPS) have been implemented twice already in early 2026, and the utility risk season has barely begun.

Above-normal temperatures and below-normal precipitation are expected through mid-summer as La Niña transitions to El Niño. Emergency management leadership anticipates an exceptionally elevated operational tempo beginning in April 2026 and plans for concurrent incidents across multiple hazard types.

With this in mind, additional staff to provide direct support to local and tribal governments would provide a significant return on investment when the jurisdictions are prepared to respond and recover from disaster on the front-end, and the lack of sufficient staff introduces significant risk for additional harm and increased costs throughout the disaster management lifecycle, but especially in the initial phases of emergency response. The federal government declined to approve either of the state’s requests for major disaster declarations in 2025, so it is more important than ever that the state invests in preparedness and emergency management capacity.

Comeback #21: CDPS R-02 Threat Intelligence and Prevention Liaison Program

	Original Request	JBC Action	Comeback Request
Total Funds	\$446,326	\$0	\$186,775
FTE	1.8	0.0	1.0
General Fund	\$446,326	\$0	\$186,775
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to approve the Staff recommendation to deny the Department’s request, noting a lack of evidence supporting the program’s effectiveness.

Summary of Comeback Request: OSPB respectfully requests that the JBC approve \$0.2M GF and 1.0 FTE in FY 2026-27.

Analysis

Since this request was submitted on November 1, the national threat landscape has dramatically shifted. The ongoing war with Iran and its proxies contributed to a heightened threat environment in the United States and increased concern regarding retaliatory violence, hate crimes, and extremist mobilization domestically. Colorado’s current political and social environment, like the national environment, has heightened polarization, public safety tensions surrounding immigration enforcement, and heightened concern among targeted communities, making maintaining situational awareness at the state level an increasingly important component of protecting both public safety and civil liberties.

While the original Targeted Violence and Terrorism Prevention Program (TVTP) funding in 2023 appropriately focused on upstream prevention efforts, the current request reflects an evolution in the threat environment and the operational gaps that have emerged following the discontinuation and restructuring of some federal prevention efforts. In this context, the proposed effort is not intended to replicate federal prevention programming, but rather to address a midstream monitoring gap—ensuring

that potential threats identified within Colorado can be responsibly documented, analyzed, and contextualized before they escalate.

Equally important, the current threat environment is increasingly driven by decentralized actors, including homegrown violent extremists and emerging networks of non-violent extremist (NVE) influencers who contribute to radicalization pathways, particularly among younger and more vulnerable populations. These individuals often operate independently, with minimal external coordination, and may signal intent through online postings or social media activity before mobilization. Identifying and mitigating these threats requires more than technical monitoring capabilities; it demands trained personnel who can document, analyze, contextualize, and responsibly disseminate threat information while protecting civil liberties and civil rights. Effective threat monitoring requires the tools and analytical capacity to distinguish credible threats from false positives and to provide actionable intelligence to the law enforcement agencies responsible for prevention and response.

Supporting Evidence

This request was denied partly on the basis of “a lack of evidence supporting the implementation of the program.” The Department acknowledges that it can be difficult to build evidence on programs that are preventive in nature. However, while the Department cannot precisely predict an act of targeted violence, the Department believes that there is solid evidence to identify and predict signs of its risk. For example, studies from the United States Secret Service and DOJ found that nearly all perpetrators of targeted violence made threatening or concerning communications, more than three-quarters elicited concern from others before carrying out their attacks, and nearly sixty percent produced letters or public statements before the attack that outlined their beliefs. These efforts are modeled on the established practices of other public safety agencies such as the US Secret Service and US Capitol Police, which identify, assess, and mitigate risks based on large quantities of online threat information, in order to prevent acts of target violence on a continuous basis.

Comeback #22: CDPS Staff Initiated SI-06 General Fund Reduction in Administration

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	(\$1,000,000)	\$0
FTE	0.0	0.0	0.0

	Original Request	JBC Action	Comeback Request
General Fund	\$0	(\$1,000,000)	\$0
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to reduce the General Fund appropriation in the Personal Services line of the Executive Director’s Office (EDO) by \$1.0M, with the expectation that the Department will cover those costs with indirect cost recoveries and cash fund reversions.

Summary of Comeback Request: OSPB respectfully requests that the JBC deny this Staff-initiated request and restore the \$1.0M GF to the Personal Services line in the Executive Director’s Office.

Analysis

The EDO, which provides essential general administrative functions across all CDPS operating divisions, relies primarily on GF appropriations and reappropriated funds from indirect cost recoveries for its personal services.

This reduction to the EDO was recommended and approved based on a misinterpretation of the total reversions by fund sources presented in recent budgets. While recent budget reports show reversions in cash funds, the vast majority of those reversions are from continuously appropriated cash funds that do not actually carry sufficient cash for the Department to spend the entirety of its appropriation, or otherwise the spending authority is greater than the programmatic costs that could be appropriately charged to that cash fund.

Table 1. Five-Year Average Reversions

Fund Source	Reversions (5 year avg)	Notes
Disaster Emergency Fund (CF, non-appropriated)	\$577,212	Empty spending authority
Wildland Fire Cost Recovery Fund (CF, non-appropriated)	\$168,445	Empty spending authority

Fund Source	Reversions (5 year avg)	Notes
Wildfire Preparedness Fund (RF, non-appropriated)	\$715,350	Empty spending authority
Public Safety Communications Revolving Fund (RF, non-appropriated)	\$109,242	Empty spending authority
Indirect Costs (RF, appropriated)	\$223,606	Statutorily inappropriate to charge unless directly supporting programs
Federal funds (non-appropriated)	\$144,188	Empty spending authority
Total	\$1,938,043	

Further, Staff recommended that the Department address the GF loss by “realign[ing] spending from indirect cost recoveries.” However, it is statutorily inappropriate for staff to charge cash, reappropriated, or federal programs unless they are directly supporting said programs, so indirect cost recoveries are not a viable way to supplant these funds.

With these limitations in mind, a \$1.0M GF cut to the EDO Personal Services line could only functionally be implemented by laying off 10-16 FTE. This would be detrimental to the Department’s operations. To the extent there are small spending authority reversions in which there actually was cash available to spend, OSPB urges the Committee to transfer those funds to the General Fund rather than make ongoing spending reductions.

Comeback #23: CDPS/DCJ BA-01 Community Corrections Caseload

	Original Request	JBC Action	Comeback Request
Total Funds	\$4,258,524	\$1,500,000	\$1,500,000
FTE	0.0	0.0	0.0
General Fund	\$4,258,524	\$1,500,000	\$1,500,000
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: JBC approved a Staff-recommended alternative to this request, approving an increase of \$1.5M GF for the Community Corrections Placements line, reallocating an additional \$1.25M from the Facility Payments line to the Placements line to support a per diem rate increase, and striking the footnote sentence which notes a budgeting assumption that Community Corrections clients would not be charged a subsistence fee.

Summary of Comeback Request: OSPB respectfully requests that the \$1.25M Staff recommended for reallocation from the Facility Payments line remain in Facility Payments. Although not preferable to the Department's original request, since budget balancing is a factor, CDPS requests that JBC approve the increase to per diem outlined in footnote 99 without an additional appropriation, with the additional funding coming from the subsistence fee change approved during Figure Setting, rather than via transfer out of Facility Payments.

Analysis

OSPB concurs with the recommendations of the third-party community corrections cost evaluation commissioned by the Committee³, which noted both a high proportion (80%) of fixed costs in community corrections and the need to increase the per diem rate in order to ensure the sustainability of the overall community corrections system.

However, removing funds from the Facility Payments line is counterproductive. In order to maintain sufficient capacity in the community corrections system, it is critical that providers retain the ability to operate above margin. The facility fee in particular helps fund community corrections providers' fixed costs. Reducing one income source to fund another does not achieve the goal of contributing to the increased financial health and stability of the community corrections system.

The Department recognizes the difficult budget situation facing the state. While it is not ideal to resume the practice of charging a subsistence fee to clients in community corrections programs, in the absence of a GF increase to cover an increased per diem rate, covering it with subsistence fees is a better option than reallocating those dollars from facility payments. The Department notes that the elimination of subsistence fees has produced benefits for both community corrections programs and the clients they serve, but that the research on the impacts of these types of fees is mixed. Reinstating subsistence should come with clear guardrails, and be kept nominal to cover the per diem rate increase. DCJ estimates that in most cases, an increase of no more than \$5 would be enough to cover the increase recommended in

³ [JBC Staff Budget Briefing FY 2026-27 \(Appendix E \(Community Corrections Programs: Cost Evaluation and Future Cost Model\)\)](#)

the third party cost evaluation and leave a small buffer for those clients who are unable to afford subsistence fees.

As an example, a program with 100 clients will receive \$72.71/day under the new per diem rate, for a total of \$2,653,915, up from \$2,569,235 under the old rate, for a difference of \$84,680. With a subsistence rate of \$5/day charged to that same 100 clients, \$182,500 would be collected, which more than covers the difference. Even assuming subsistence fees are only collected from 70% of clients, this model would still permit fully funding the per diem increase from subsistence fees. See the table below for a breakdown:

Table 1. Base Per Diem Rate and Revenue Assuming an Example Program with 100 Clients and 365 Days in the Year:

	Base Per Diem Rate	Revenue
Current	\$70.39	\$2,569,235
3.3% Increase	\$72.71	\$2,653,915

Table 2. Revenue with a per diem rate of \$70.39, with \$5/day subsistence fee added:

Revenue with 70% of clients charged subsistence fee	Revenue with 80% of clients charged subsistence fee	Revenue with 90% of clients charged subsistence fee	Revenue with 100% of clients charged subsistence fee
\$2,696,985	\$2,715,235	2,733,489	\$2,751,735

Comeback #24: CDPS/DCJ SI-04 Community Corrections Centralized Referrals

Summary of JBC Action: The JBC approved a Staff-initiated one-time increase of \$0.4M GF to support efforts to centralize Community Corrections’ system of client referrals from DOC.

Summary of Comeback Request: This is a purely informational comeback to communicate the limitations and challenges of one-time funding for this goal; no change is requested.

Analysis:

The Department is grateful for the Committee's support of a centralized referral system to modernize community corrections and streamline placements and data sharing. The approved one-time funding amount would support the initial software development for both integration of DOC referrals as well as provide a framework for Judicial referrals to community corrections.

As stated in the Department's response to RFI #4⁴, management of this proposed centralized referral system and subsequent action on identified concerns will require ongoing FTE support within the Office of Community Corrections. DCJ has proposed hiring 1.0 FTE in an Analyst IV position costing \$102,928 (including Centrally appropriated costs) to deliver this coordinated support.

DCJ's concern - and the primary reason for this informational comeback - is to alert the Committee that the incorporation of such a substantial element into the existing data system will result in a slight increase in ongoing Community Corrections Information and Billing System (CCIB) maintenance and support costs. First-year support costs are estimated to be \$77,500, annualizing to \$44,000 ongoing. This funding can be put to good use in the first year, but without these ongoing resources, the Department warns that it would struggle to effectively administer and maintain the centralized referral feature that was developed with this meaningful one-time funding support.

⁴ [CDPS FY 2025-26 RFI #4](#)

Department of Public Health and the Environment

Comeback #25: CDPHE R-01 Laboratory Renewal

	Original Request	JBC Action	Comeback Request
Total Funds	\$5,039,850	\$2,079,524	\$2,624,138
FTE	27.75	18.75	19.75
General Fund	\$4,889,850	\$2,079,524	\$2,624,138
Cash Fund	\$150,000	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee partially approved the Department’s R-01 Laboratory Renewal request by adopting the Staff recommendation for \$0.6M GF for 6.0 FTE funded during the emergency supplemental request, as well as funding for the remaining existing 12.75 FTE (for a total of \$2.1M and 18.75 FTE). The Committee acknowledged the expectation that the Department would submit a comeback request.

Summary of Comeback Request: OSPB respectfully requests that the Committee approve an additional \$544,614 GF for the following expenses:

- \$119,614 GF ongoing for 1.0 FTE, Infectious Disease Scientist for an existing employee
- \$200,000 GF one-time for a Risk Management and Nonconformance Manager Contractor
- \$225,000 GF ongoing for an Instrument Replacement Fund

This comeback request represents what the Department requires in the immediate future to address its most critical issues and achieve a minimal viable product. While these resources have been identified as supporting the most urgent priorities, further investments in the future are still necessary to fully implement and sustain the Lab’s modernization effort.

Analysis

Request Components

The Department's **original** and full R-01 request included the following:

- \$1.5M for new staff;
- \$1.9M for existing staff that are funded with expiring COVID-19 and other federal funds;
- \$0.5M for operating expenses including supplies for outbreak response and technology costs;
- \$0.5M for an instrument replacement fund; and
- \$0.6M (one-time) for a quality assurance contractor to address recent audit findings about the Lab's lack of adequate quality management procedures.

The Department's **comeback request** includes the following:

- \$119,614 General Fund and 1.0 FTE ongoing for an Infectious Disease Scientist.

This position was listed incorrectly in the Department's November 1 budget submission as a "new" position. The position was hired during the pandemic and there is an employee in this role, currently covered by federal funds that end this summer. This position supports over 90,000 tests run on average each year on samples to detect infectious disease organisms. The program does not charge fees on these tests because most of the time there is not a paying customer.

This program runs samples on food and people to investigate outbreaks or identify when rare or novel pathogens are in the state or a healthcare facility, to prevent further spread. It is primarily used to detect these community-level threats that commercial laboratories rarely test for because demand is too low to be profitable. In many cases charging the institution or the individual for the samples the Lab requires is a deterrent to getting the sample sent in for testing. This could result in delayed public health response, such as pulling a food product off the shelf before it can do additional harm or contact-tracing and making additional exposed individuals aware of exposure in the case of measles or avian influenza.

This particular position works on many diseases and not just COVID; however, the state Lab still needs to maintain capacity for COVID testing, which is a deadly respiratory virus. During the respiratory season, for example, this position performs COVID and influenza viral testing in parallel. This surveillance is necessary to look for not just COVID variants, but also novel or emerging Influenza viruses, such as avian or swine influenza. In addition to passive surveillance to stay alert for emerging

diseases, this position is required to be available both during and outside of normal work hours for urgent testing of highly suspect cases such as measles and avian influenza exposures and rule outs.

This position helps with Laboratory capacity to meet the growing demand that has increased dramatically over the last few years. Many samples require multiple tests to detect, isolate, characterize, sequence, and ultimately compare relatedness between organisms to inform public health disease tracking and outbreak response activities. This position will generate that data, which will be used by communicable disease epidemiologists to control disease.

- \$200,000 in one-time General Fund for consulting services to build a standard program around risk management and nonconformance management.

As part of its R-01 Decision Item, the Department requested one-time funds in FY 2026-27 to complete its critical work with a third-party contractor to upgrade and modernize the entire Lab's performance management and quality assurance systems. These one-time funds would finance the third and final phase of building, implementing, and training on standard operating procedures, risk management, and quality assurance.

The Department received funding as part of its emergency supplemental request to begin this work in the Chemistry Lab. However, additional funding is needed to modernize the overall Lab's performance management and quality assurance systems. The full \$575,000 amount included in the R-01 request will ultimately be needed to complete this work. In the near-term, \$200,000 will enable the Department to begin the most critical Lab-wide risk management and nonconformance management tasks. This includes root cause analysis, Corrective Action and Preventive Action (CAPA), and effectiveness checks to resolve quality issues and establish preventative actions in every area of the Lab.

- \$225,000 General Fund ongoing for Instrument Replacement.

In order to achieve a minimum viable product, the Lab must be able to fund long overdue equipment and technological upgrades. The Lab has never had state funds specifically for instrument replacement. Consequently, the Lab has relied on piecing together unstable funds from various sources, or relying on outdated instrumentation that in some cases directly contributed to the quality control issues that impacted the Lab.

The Department strongly believes that an instrument replacement fund—similar to funds utilized by the Colorado Department of Agriculture Division of Laboratory

Services and the Colorado Bureau of Investigation Forensic Services Laboratory—will provide the Lab with predictable, ongoing funding to replace aged equipment as the need arises, eliminating the severe risk of using instruments that are no longer fit for use.

To calculate the cost for the proposed instrument replacement fund, the Lab cataloged existing equipment based on its cost for purchase, current estimated replacement cost, and expected life-span, typically 10 years. Total estimated replacement costs average approximately \$500,000 for each of the next five years. In the immediate term, \$225,000 ongoing will enable the Department to begin replacing the most critical instrumentation.

Laboratory instruments often cost between \$100,000 to \$500,000 or more, and as technology advances costs are only increasing. For example, a sequencing instrument purchased when the current model the state has relied on for 10 years was recently sunsetted cost \$150,000 and was purchased using COVID funds. Additionally, the service agreement/contract for this new instrument was greater than \$85,000 for the upcoming year. Receiving \$225,000 ongoing with the ability to roll forward will allow for immediate replacement of some instruments and the opportunity to plan and save for more expensive instrumentation.

Long-term Planning & Additional Needs

The Department expects to seek additional resources in the future as budget conditions allow, that are likely to include funding for a Laboratory Information Management System, facilities upgrades, additional funding of the equipment replacement fund, plus positions around wastewater monitoring of infectious disease. Beyond these, the Department anticipates that any additional requests would be minimal. The Department is also actively working on options for a regular fee increase schedule that could bring in additional revenue.

The Department is in the process of developing a long-term financial plan for the Lab. Currently the Department anticipates finalizing the plan by June 2026.

Consequences if This Request is not Approved

The Committee's approval of funding for 18.75 FTE will provide critical support for the Department's progress in building the capacity needed to meet the Lab's operational demands. However, further investment is required to address the Lab's wider quality assurance challenges. Without additional support for key staffing, quality management capacity, and equipment replacement, the Lab would be unable to fully complete its modernization efforts. Addressing these quality assurance gaps is

critical to reducing the risk of future lapses that could have negative public health consequences.

Comeback #26: CDPHE R-04 and R-06 Pay Date Shift

	Original Request	JBC Action	Comeback Request
Total Funds	-\$1,602,798	-\$1,602,798	-\$1,572,237
FTE	-3.3	-3.3	-3.3
General Fund	-\$1,602,798	-\$1,602,798	-\$1,572,237
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee approved the Staff recommendation to eliminate the \$1.0M GF Comprehensive Sexual Education Grant Program and the \$0.6M GF Community Behavioral Health Disaster Program, including a total of 3.3 FTE.

Summary of Comeback Request: OSPB respectfully requests that the JBC approve \$30K to cover the pay date shift for the FTEs associated with the programs following their termination. This gap was not addressed in the original requests.

Analysis

As these programs are set to sunset at the end of FY 2025-26 and the associated appropriation will be eliminated starting July 1, 2026, there will be a pay date gap of \$30K for staff. Vacancy savings are not available to cover this amount. This request ensures that the final payroll obligations for these employees can be met in the new fiscal year following the end of the programs.

Department of Personnel and Administration

Comeback #27: DPA Staff-Initiated Burnham Yards Cleanup Funding Transfer

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	(\$9,931,536)	\$0
General Fund	\$0	\$0	\$0
Cash Fund (Name)	\$0	(\$9,931,536)	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
FTE	0.0	0.0	0.0

Summary of JBC Action: The Committee approved a motion to transfer \$9.9M, originally allocated for the Burnham Yard Demolition and Cleanup project, to the General Fund. JBC believes that the cost of mandatory cleanup work to address environmental concerns in Burnham Yards should be included in the purchase price of the property and so withdrew unencumbered funding until further clarification about who would cover that cost in the purchase of the property is established.

Summary of Comeback Request: OSPB respectfully requests the Committee to reconsider its action to transfer \$9.9M from the Burnham Yard project to the General Fund.

Analysis

The Burnham Yard property was initially acquired in 2021 to offer an option for expanding I-25. Pursuant to S.B. 22-176, the Department of Personnel & Administration and the Department of Transportation studied the property regarding relocating the railroad track for the I-25 expansion and redeveloping portions of the property for mass transit and other uses. This study determined that the cost of railroad relocation was not economically feasible. Moreover, the study highlighted that the railroad rights-of-way across the site, including three at-grade crossings, negatively affected the property's value and future use.

The State pursued a Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program grant and ARPA funding to address railroad safety, encumbrances, and

environmental clean-up. Despite an unsuccessful CRISI grant application, the State dedicated refinanced ARPA funds to the project.

Over the last year, the State explored alternative uses for the property. This exploration resulted in the Denver Broncos organization's willingness to purchase and redevelop the site for a new stadium. The State remains obligated to manage the environmental remediation and to remove the dangerous at grade rail crossings that present public safety concerns and diminish the property value. At this time there is no enterprise that is an allowable use. Furthermore, the Denver Broncos requested that the State address the railroad encumbrances, citing the State's extensive experience and favorable position for negotiating with the railroad companies.

Unless the environmental and railroad issues are resolved, neither the Denver Broncos nor any other entity is likely to purchase the property without a steep discount in price. Selling the property for less than the amount owed on the acquisition loans would create financial complications for the State. The funding being available was a consideration as the state engaged with the various parties involved in the site conversion plan.

Comeback #28: DPA Staff-Initiated Unused State-Owned Real Property Fund (USRP) Transfer to GF and P3 Unit

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	(\$1,224,297)	\$0
General Fund	\$0	\$0	\$0
Cash Fund (Name)	\$0	(\$1,224,297)	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
FTE	0.0	0.0	0.0

Summary of JBC Action: The Committee approved a Staff-initiated recommendation to sponsor legislation changing the Unused State-Owned Real Property (USRP) Fund from continuously appropriated to annually appropriated. JBC Staff pointed to concerns about spending on projects like a feasibility study for the Centennial Building, \$1.5M on a Pedway pre-design work project, and expansion of P3 affordable

housing project in Lakewood as reasoning for removing continuous appropriation. Additionally, the Committee approved a transfer of \$1,224,297 from the USRP Fund to the General Fund for budget balancing purposes, pointing to historic under-utilization (44%) of USRP funds.

Summary of Comeback Request: OSPB respectfully requests the Committee maintain continuous spending authority, support the creation of a P3 Board, and reverse the transfer of \$1.2M from the USRP Fund to GF.

Analysis

The P3 Unit is designed to be a self-sustaining program that generates revenues from P3 projects (rent, lease, and/or sales of property) which are credited to the USRP Fund in order to support future projects and P3 operations.

The following actions are requested for reconsideration:

1. Maintain Continuous Appropriation

Loss of continuous appropriation creates uncertainty for both the State's development partners and their financial partners. The JBC's action jeopardizes more than 600 affordable housing units, as well as child care options that are already in process. Specifically, there will be an immediate impact on projects with existing development partners, such as the Lakewood and Governor's Mansion Parking Lot sites, which together are expected to deliver approximately 267 affordable and attainable housing units and three childcare options. Projects currently in procurement, such as the Golden Range redevelopment (approximately 350 affordable and attainable housing units), would also face uncertainty regarding the State's reliability as a partner and could stall without the ability to continue necessary pre-development work. Projects currently being prepared for future Request for Qualifications/Proposals (RFQs) would likely be delayed or canceled altogether.

These impacts create reputational risk for the P3 Office and weaken the State's ability to attract developers to redevelop unused State properties, something previous unused state land inventories struggled to accomplish prior to the creation of the P3 Unit.

2. Creation of State P3 Board

The Department understands the governance and transparency concerns raised by staff and legislators. Therefore, the Department requests consideration of a new

State P3 Board composed of appointments by the Governor and Legislature as well as DPA and DOLA executive directors to oversee P3 projects and the use of USRP funds.

The Department recommends the following board members:

- Governor Appointee (3-year term)
- Department of Personnel & Administration Executive Director or designee
- Department of Local Affairs Executive Director or designee
- Senate President Appointee (3-year term), in consultation with Minority Leader of the Senate
- Speaker of the House Appointee (3-year term), in consultation with Minority Leader of the House

The State P3 Board shall elect a chair and vice-chair to serve for two years. Board meetings will comply with all provisions of 24-6-402 C.R.S. (the open meetings law) including requiring a quorum for any formal action.

While DPA will maintain administrative control over the P3 Unit, the State P3 Board would have oversight over all P3 projects as well as financial expenditures and investments made by the P3 Unit. All projects will require approval of the Board prior to presentation to CDC. The P3 unit will create an annual financial report and provide the Board at least quarterly financial updates. The P3 Unit will also create program policies and guidelines which will be reviewed and approved by the State P3 Board on a regular basis.

3. Reversal of \$1.2M General Fund Transfer

Transferring \$1.2 million from the self-sustaining USRP Fund to the General Fund contradicts its legislative intent, which is to use the fund's budget and project revenues for future administration and projects, thereby avoiding the need for new General Fund infusions. Modest predevelopment investments from the fund yield substantial returns; for example, a \$1.3 million investment in the Lakewood Complex project is projected to yield a return of more than 200%, generate recurring revenue, and spur \$80 million in private development, delivering essential community benefits like housing (200 affordable and attainable units) and a childcare center.

A transfer of \$1.2 million would immediately delay two or three P3 housing projects currently in development. These projects include a potential modular aggregate demand project in Pueblo, expected to deliver 100-300 housing units; a 150-200 unit affordable and attainable housing project in Durango, currently under an MOU with the City; a 300-400 affordable and attainable housing project in Jefferson County,

which is an unsolicited proposal; and a 150-200 unit affordable housing project in Denver along I-70. Without these funds, the P3 Unit would be unable to complete the environmental due diligence, legal structuring, and financial analysis necessary to move these projects forward. This lack of funding would effectively stall hundreds of potential housing units and hundreds of millions of dollars in private investment before they can even reach the development stage. A single delayed or foregone project, comparable to the situation in Lakewood, could conservatively cost the State \$5-10 million in direct and indirect value, in addition to constraining critical housing and childcare supply. The proposed cut thus risks shrinking the State’s development pipeline precisely when leveraging underutilized public land is vital to reduce Colorado’s enormous affordability gap and generate fiscal returns that will perpetuate long-term economic benefits.

[Please See Appendix B for Letters of Support](#)

Comeback #29: DPA R-01 State Payroll System Common Policy

	Original Request	JBC Action	Comeback Request
Total Funds	\$1,122,250	\$0	\$786,881
General Fund	\$0	\$0	\$0
Cash Fund (Name)	\$0	\$0	\$0
Reappropriated Funds			
Payments to OIT*	\$0	\$0	(\$314,744)
CORE Operations, DPA	\$1,122,250	\$0	\$786,881
Federal Funds	\$0	\$0	\$0
FTE	9.0	0.0	7.5

*This is shown for informational purposes only, and will show up as a reduction in payments to OIT common policy

Summary of JBC Action: The motion to accept Staff recommendation to fully fund this request failed on a vote of 3-3 with Bridges, Kirkmeyer, and Taggart objecting. Senator Bridges requested that more information from the Department be provided showing why both systems needed to be kept online simultaneously for a full year as they were switched over. Senator Kirkmeyer was against this project continuing to require staffing and growth and a lack of clarity on how much this would cost and how many FTE this would require. She would like an RFI to be able to track the spending

and associated savings from OIT in a footnote in the Long Bill. Representative Taggart would like further information on why this must have both systems running for one year and concerns about the decentralization and centralization of systems like HR within the State as well as being able to realize the true savings of the system going offline in OIT and FTE no longer being needed there.

Summary of Comeback Request: OSPB respectfully requests that the JBC approve \$0.5M total funds for the R-01 CORE Payroll Staffing request. The original request sought a full year of parallel operation of both the old and new payroll system; This comeback revises the request to a maximum of six months of parallel operation saving \$0.3M total funds.

Analysis

At least some overlap is critical to ensure operational testing and troubleshooting and avoid failure of the State's payroll system. The original request included 12 months of parallel operation for the new system, alongside the existing 38-year-old payroll system to minimize the risk of a payroll interruption for over 40,000 State employees. After further consideration of the State's fiscal constraints, the Department has revised its proposal to shorten the transition period for live operational testing and stabilization to a maximum of six months. This phased approach ensures the State can verify W-2 and quarterly wage file accuracy against proven records before entirely decommissioning the mainframe system.

The Department can reduce its CORE Operations portion of the comeback request by \$0.1M, following a recently revised go-live date of fall 2026. This reduction is achieved by prorating the requested resources to align with a projected need starting in October. This adjustment ensures the availability of the necessary technical and business staff to manage dozens of complex integrations during the system's most critical period. Approving this amended request provides a vital safety net for the initial months of live payroll and contributes to the anticipated \$1.3 million in total savings upon the full decommissioning of the legacy mainframe. Separately, Payments to OIT are calculated to be reduced by \$0.3M for FY 2026-27 due to a shorter, six-month overlap, assuming the Fall 2026 start.

[See Assumptions and Calculations for JBC action and comeback request linked here](#)

Table 1. Comeback Calculations

Fund Type	FY 2026-27 Base Request	FY 2026-27 Incremental Request	FY 2027-28 Incremental Request
Total Funds	\$2,653,975	\$786,881	\$1,220,930
FTE	22.3	7.5	10.0
General Fund	\$0	\$0	\$0
Cash Funds	\$0	\$0	\$0
*Reappropriated Funds (Statewide IT Financial Systems) Informational only reduction will be in Payments to OIT Line	\$0	*(\$314,744)	*(\$1,294,913)
Reappropriated Funds (Statewide IT Financial Systems)	\$2,653,975	\$786,881	\$1,220,930
Federal Funds	\$0	\$0	\$0

Table 2. Comeback - Estimated FY 2026-27 CORE Payroll Staffing Incremental Need by Department

Department	% Utilization	Estimated Allocation for FY 2026-27 COMPAS Staffing Decision Item
Agriculture	1.3%	\$9,864
Corrections	15.9%	\$125,198
Early Childhood	0.8%	\$5,954
Education	2.2%	\$17,150
Governor's Office	1.0%	\$7,910
Office of Info Technology (Gov)	3.0%	\$23,810
Health Care Policy & Financing	2.5%	\$19,310
Higher Education	0.3%	\$2,127
History Colorado	0.6%	\$4,520
Human Services	13.0%	\$102,163
Judicial	14.5%	\$113,853
Labor & Employment	5.1%	\$40,016
Law	1.9%	\$14,627
Legislature	1.5%	\$11,818
Local Affairs	0.9%	\$7,156
Military & Veterans Affairs	0.5%	\$4,274
Natural Resources	6.4%	\$50,522

Department	% Utilization	Estimated Allocation for FY 2026-27 COMPAS Staffing Decision Item
Personnel & Administration	1.3%	\$10,093
Public Health & Environment	5.8%	\$46,027
Public Safety	5.9%	\$46,423
Regulatory Agencies	1.8%	\$14,086
Revenue	4.7%	\$36,609
Secretary of State	0.4%	\$3,305
Transportation	8.8%	\$68,932
Treasury	0.1%	\$1,136
Totals	100.0%	\$786,881

Comeback #30: DPA R-03 CORE Continuous Improvement

	Original Request	JBC Action	Comeback Request
Total Funds	\$836,049	\$370,000	\$737,665
General Fund	\$0	\$0	\$0
Cash Fund (Name)	\$0	\$0	\$0
RF (CORE PS, Op, Pay. for CORE)	\$836,049	\$370,000	\$737,665
RF (Payments to OIT)*	(\$850,000)	(\$850,000)	(\$850,000)
Federal Funds	\$0	\$0	\$0
FTE	3.9	0.0	3.0

*Note: Reduction in payments to OIT of \$850,000 is shown for informational purposes only. This reduction will be accounted for in the payments to OIT common policy submission.

Summary of JBC Action: JBC approved Staff recommendation to deny the staffing request and approve \$370,000 RF for the purchase of document storage capacity. Staff stated that the Executive Branch must "do more with less" and suggested that approximately half of the identified new workload (2,600 hours) could already be addressed through existing vendor support contracts.

Summary of Comeback Request: OSPB respectfully requests that the JBC approve the staffing resources in the CORE Staffing R-03 request for \$0.7M RF and 3.0 FTE with a reduction of \$0.9M through payments to OIT.

Analysis

The requested staffing resources and associated operating costs has a corresponding offset through a reduction in payments to OIT of \$850K, resulting from the elimination of the current document attachment storage feature.

The upgraded CORE System has fundamentally shifted from a static software environment to an iterative software model. Since the 2024 upgrade, CORE requires the evaluation and deployment of three major and nine minor software updates annually. This is a necessary cadence to ensure critical system security and functionality that did not exist under the previous version while avoiding multi-million dollar "catch-up" upgrade costs in the future. Denying the conversion of 3.0 term-limited FTE to permanent status and the addition of 0.9 FTE Reporting Specialist ignores the more than 8,400 annual hours of new, non-discretionary workload generated by these mandatory vendor releases, [as illustrated here](#). It is important to note that the CORE Operations team was at full capacity prior to the CORE upgrade, which generated additional workload. These non-discretionary workload hours are in addition to support hours provided by the vendor.

Without these dedicated resources, the State risks the operational integrity of its primary financial system, unnecessarily jeopardizing the production of the [Annual Comprehensive Financial Report](#) and all associated accounting transactions, the booking of the Long Bill, and the timely processing of vendor payments. Furthermore, a significant risk directly addressed by this comeback request, if not approved, is that CORE Ops will only be able to support required CORE upgrades and maintenance, entirely preventing the support of critical improvements, including the essential document storage solution and other new functionality for the Performance Budgeting module (PB) within CORE.

The Department lacks the necessary funding to manage these positions within its existing budget. Program reversions have averaged only \$28,000 over the last three years, including a projected reversion of only \$1,000 in FY 2025-26.

Table 1. Three-Year Reversions Analysis of CORE Operations, Personal Services

Expenditures	FY 2023-24	FY 2024-25	FY 2025-26
Final Expenditure Authority (inc.	\$2,911,298	\$3,122,366	\$3,083,114

Expenditures	FY 2023-24	FY 2024-25	FY 2025-26
POTS			
Actual Expenditures	\$2,886,820	\$3,061,887	\$3,082,100
Reversions/ (over-expenditure)	\$5,798,118	\$6,184,253	\$6,165,214

Comeback #31 DPA R-06 Statewide Training System Continuation

	Original Request	JBC Action	Comeback Request DPA Split	Comeback Request All Agency Split
Total Funds	\$714,370	\$552,753	\$552,753	\$552,753
General Fund	\$714,370	\$0	\$0	\$209,172
Cash Fund (varies)	\$0	\$0	\$8,557	\$214,201
Reappropriated Funds	\$0	\$552,753	\$544,196	\$81,899
Federal Funds	\$0	\$0	\$0	\$47,481
FTE	0.0	0.0	0.0	0.0

Summary of JBC Action: The Committee approved Staff’s recommendation to appropriate \$552,753 in reappropriated funds for the Statewide Training System by a 5-0 vote with Amabile excused. Staff indicated that the Department could fund the Program through a fee-for-service structure (reappropriated funds) rather than by the General Fund, and that if the Department needs a buffer for additional licenses beyond the current user count, the Department has access to the Professional Development Cash Fund. The fund is subject to annual appropriation and should be used for establishing and maintaining training programs.

Summary of Comeback Request: OSPB respectfully requests that JBC approve R-06 Statewide Training System Continuation comeback request for the corresponding appropriations for the agencies, totaling \$209,172 General Fund, \$214,201 in cash funds, \$81,899 in reappropriated funds, and \$47,481 in federal funds, totaling \$553K TF, as detailed in Table 2. These appropriations directly enable DPA to fulfill its mandate under Section 24-50-122, C.R.S.

Analysis

To successfully operationalize the approved fee model and realize DPA's \$552,753 reappropriated spending authority, the Department must ensure that each participating agency has the necessary statutory spending authority to cover their internal cost (as detailed in Table 1) and remit payment to DPA. This step is a critical necessity to prevent a lapse in this core statewide function.

The Department can implement the Joint Budget Committee's decision to fund the Statewide Training System through a fee structure, utilizing reappropriated funds, provided the required funding is appropriated to the participating departments. This system, powered by Cornerstone, was originally funded with part of the \$8.0M of one-time professional development funds from the FY24 COWINS request. The system is essential for meeting statutory requirements and delivering critical, mandated compliance training (including workplace harassment, cybersecurity, and ethics) to 32,235 active users across 24 State agencies.

In addition, to provide the necessary buffer for additional licenses and support, consistent with the Committee's action, the Department is requesting associated Long Bill letternotes to utilize existing cash fund balances in the Professional Development Fund in conjunction with agency fee payments.

Table 1 - Agency Cornerstone Cost Breakdown

Department	Users	Cost
Department of Agriculture	422	\$7,236
Department of Corrections	6074	\$104,155
Department of Early Childhood	292	\$5,007
Department of Education	883	\$15,141
Department of Health Care Policy and Financing	931	\$15,964
Department of Higher Education and IHEs	493	\$8,454
Department of Human Services	5055	\$86,681
Department of Labor & Employment	1910	\$32,752
Department of Law	737	\$12,638
Department of Local Affairs	363	\$6,225
Department of Military & Veterans Affairs	211	\$3,618
Department of Natural Resources	2129	\$36,507
Department of Personnel & Administration	499	\$8,557
Department of Public Health & Environment	2246	\$38,514
Department of Public Safety	2268	\$38,891

Department	Users	Cost
Department of Regulatory Agencies	688	\$11,798
Department of Revenue	1855	\$31,809
Department of State	164	\$2,812
Department of Transportation	3398	\$58,268
Department of Treasury	55	\$943
Office of Information Technology (OIT)	1166	\$19,994
Office of the Governor**	172	\$2,949
Office of Economic Development & International Trade (OEDIT)	135	\$2,315
Energy Office (CEO)	89	\$1,526
Total	32,235	\$552,753

**Includes (EAA, EBA, Lt. Gov, ECA, OSPB)

Table 2 - FY 2026-27 Agency Cost Fund Split

Department	Total Cost	GF	CF	RF	FF
Department of Agriculture	\$7,236	\$1,901	\$4,616	\$283	\$436
Department of Corrections	\$104,155	\$95,034	\$4,499	\$4,329	\$292
Department of Early Childhood	\$5,007	\$1,986	\$1,741	\$104	\$1,177
Department of Education	\$15,141	\$9,196	\$4,163	\$110	\$1,672
Department of Health Care Policy and Financing	\$15,964	\$1,534	\$3,049	\$11,126	\$256
Department of Higher Education and IHEs	\$8,454	\$2,577	\$942	\$67	\$4,867
Department of Human Services	\$86,681	\$22,724	\$46,247	\$17,349	\$361
Department of Labor & Employment	\$32,752	\$16,207	\$5,673	\$2,833	\$8,040
Department of Law	\$12,638	\$9,644	\$2,237	\$707	\$49
Department of Local Affairs	\$6,225	\$1,178	\$1,042	\$3,844	\$161
Department of Military & Veterans Affairs	\$3,618	\$3,530	\$0	\$88	\$0
Department of Natural Resources	\$36,507	\$3,980	\$22,344	\$2,162	\$8,021
Department of Personnel & Administration	\$8,557	\$0	\$8,557	\$0	\$0
Department of Public Health & Environment	\$38,514	\$4,121	\$30,281	\$1,048	\$3,063
Department of Public Safety	\$38,891	\$4,520	\$3,507	\$30,864	\$0
Department of Regulatory Agencies	\$11,798	\$1,902	\$4,629	\$862	\$4,405

Department	Total Cost	GF	CF	RF	FF
Department of Revenue	\$31,809	\$10,996	\$14,306	\$3,678	\$2,829
Department of State	\$2,812	\$63	\$2,553	\$155	\$42
Department of Transportation	\$58,268	\$16,187	\$41,004	\$988	\$89
Department of Treasury	\$943	\$0	\$943	\$0	\$0
Office of Information Technology (OIT)	\$19,994	\$1,412	\$8,860	\$973	\$8,749
Office of the Governor**	\$2,949	\$208	\$1,307	\$144	\$1,291
Office of Economic Development & International Trade (OEDIT)	\$2,315	\$164	\$1,026	\$113	\$1,013
Energy Office (CEO)	\$1,526	\$108	\$676	\$74	\$668
Total	\$552,753	\$209,172	\$214,201	\$81,899	\$47,481

**Includes (EAA, EBA, Lt. Gov, ECA, OSPB)

Comeback #32: DPA R-04 Office of Sustainability and Resources

	Original Request FY 2026-27	JBC Action FY 2026-27	Comeback Request FY 2026-27	Comeback Request FY 2027-28
Total Funds	(\$49,080)	\$0	(\$252,975)	\$310,411
General Fund	\$350,920	\$0	\$147,025	\$310,411
Cash Fund (Sustainability Revolving Fund)	(\$400,000)	\$0	(\$400,000)	\$0
Reappropriated Funds	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0
FTE	2.3	0.0	1.0	1.0

Summary of JBC Action: A motion by the Committee to fund the Office of Sustainability Director position failed on a 2-4 vote with Taggart, Amabile, Sirota and Kirkmeyer objecting; in addition, Staff recommendation to eliminate the program also failed on a 3-3 vote with Bridges, Amabile, and Brown objecting. Staff indicated that the Department could fund the Program through the Revolving Fund balance and via

the EPA Grant which originally funded the Office. This led to no additional funding being provided for this program.

Summary of Comeback Request: OSPB respectfully requests that the JBC approve funding to continue the Sustainability Office with only the director position and standard operating budget in FY 2026-27 and ongoing at \$0.1MK General Fund, and fund the critical energy reporting system, EnergyCap, in FY 2027-28 and beyond at a cost of \$0.2M General Fund for a total of \$0.3M General Fund ongoing.

Analysis

The Committee's vote leaves the Department with a statutory mandate and without ongoing funding to meet this mandate. The EPA grant has been fully expended and the Revolving Fund balance will be \$76,787⁵ at the end of FY 2025-26, which is not enough to fund the Director position much less any of the Office's cost and energy saving projects. The Department comeback represents the minimal funding to continue the Office.

A dedicated office is needed to ensure accountability, track statewide sustainability goals and progress, capitalize on economies of scale for energy efficiency projects statewide, and provide specialized expertise that individual departments do not have internally to manage challenging energy performance issues.

Greening Government is a core priority of the Polis Administration, as evinced by its inclusion as a pillar in the [Governor's Operational Agenda](#) and the ambitious goals set out in Executive Order D 2025 003. While the Office sits in DPA to ensure it has direct influence on the operations of the State Fleet and Office of the State Architect, it works hand-in-hand with the Governor's Office of Operations & Cabinet Affairs to ensure a focus on sustainability at the highest levels of State government.

Although small, the Office has had a track record of success. Examples of these successes from the past years:

- Federal Funding Secured (IRA Direct Pay):
 - Secured over \$1.18 million for electric vehicles (EVs) and chargers.
 - Anticipating an additional \$6.39 million for future solar and energy projects, which is critical for supporting projects like the Colorado Department of Human Services (CDHS) \$13.9 million energy performance contract.
- Grants for Electrification and EVs:

⁵ JBC Staff cited the Sustainability Revolving Fund balance of more than \$200,000 which was the fund balance as of July 1, 2025 and not the balance the Office will have on June 30, 2026.

- Secured a \$500,000 building electrification grant for the Annex facility, resulting in a 70% decrease in emissions.
- Assisted Department of Corrections in securing federal funding for heavy-duty electric vehicles.
- Operational Savings via AI and Audits:
 - A pilot program using AI for utility bill automation is projected to recover over \$1.2 million through auditing for overcharges and rate misclassifications (e.g., an EV charger incorrectly billed \$25,000 that should have been \$5,600).
 - The automated AI auditing, once fully implemented, is projected to recover \$1.23 million in billing errors and save \$1.14 million in staff time.
- Long-term Revenue and Cost Avoidance:
 - Manages renewable energy leases and projects (agrivoltaics, solar gardens) projected to generate over \$1.8 million in revenue and utility offsets in the coming years.
 - The Sage Ridge agrivoltaics project alone is projected to bring \$1.08 million to the unused State property fund.
- Water Conservation:
 - Future irrigation audits at five large State properties are expected to save 16 million gallons of water and \$78,879 annually.
- Utility System Oversight & Training:
 - Provides critical technical oversight for the State’s EnergyCAP utility management system, which tracks up to \$54 million in annual utility spend.
 - Offers essential training in EV demand management, which can reduce a single charger’s monthly bill from over \$2,000 to as low as \$129.

Projected Return on Investment (ROI) and Impact Summary (see Appendix for detail)

The following table highlights the quantifiable fiscal benefits managed by the Office of Sustainability:

Initiative	Projected/Actual Fiscal Impact	Description
IRA Direct Pay (Received)	\$1,188,542	Federal rebates for EVs and chargers.

Initiative	Projected/Actual Fiscal Impact	Description
IRA Direct Pay (Pending)	\$6,390,545	Combined 2025 filings and future solar credits.
Billing Error Recovery	\$1,231,800	Projected recovery through AI audits of utility bills.
Sage Ridge Agrivoltaics	\$1,456,274	New revenue for the unused State property fund.
Water Conservation	16,074,487 Gallons	Annual water savings from State property irrigation audits.

Comeback #33: DPA / Statewide Total Compensation Common Policy - HLD and ULAED Reductions

Statewide ULAED Summary

	Original Request	JBC Action	Comeback Request
Total Funds	\$303,418,176	\$301,457,976	\$303,418,176
General Fund	\$162,367,393	\$160,407,193	\$162,367,393
Cash Fund	\$75,296,720	\$75,296,720	\$75,296,720
Reappropriated Funds	\$33,252,645	\$33,252,645	\$33,252,645
Federal Funds	\$32,501,418	\$32,501,418	\$32,501,418
FTE	0.0	0.0	0.0

Statewide HLD Summary

	Original Request*	JBC Action	Comeback Request*
Total Funds	\$595,942,325	\$589,346,212	\$595,942,325
General Fund	\$321,332,961	\$314,736,848	\$321,332,961
Cash Fund	\$149,708,968	\$149,708,968	\$149,708,968

	Original Request*	JBC Action	Comeback Request*
Reappropriated Funds	\$60,751,535	\$60,751,535	\$60,751,535
Federal Funds	\$64,148,861	\$64,148,861	\$64,148,861
FTE	0.0	0.0	0.0

*Does not include the Statewide HLD True up request submitted on January 15, 2026 of an additional \$4,081,382, comprised of \$2,176,692 General Fund, \$1,055,782 cash funds, \$427,039 reappropriated funds, and \$421,869 federal funds.

Summary of JBC Action: The Committee approved Staff recommendations to make negative adjustments to template-generated General Fund appropriations for HLD and ULAED for departments that have: (1) experienced an underexpenditure over the most recent three-year period; (2) average an underexpenditure greater than 5 percent over the three-year period; and (3) that the adjustment percentage be calculated to provide a 5 percent buffer from the average.

The committee voted in favor of the recommendation for reductions, all in General Fund amount amounting to:

- \$2.0M in ULAED, which is 1.2% of the total request and impacts nine departments
- \$6.6M in HLD, which is 2% of the total request and impacts eight departments

Summary of Comeback Request:

OSPB respectfully requests that the Committee reconsider the proposed FY 2026-27 reduction to both the HLD and ULAED appropriations. Targeting only the General Fund poses a challenge for departments that need it to match/draw federal funds, as this reduction hinders their ability to do so. Departments were not consulted by JBC Staff prior to Figure Setting to ascertain the feasibility of these reductions. Subsequently, feedback was compiled and the nuances to the reported over appropriations are summarized below (further details are included in the [appendix document](#)), explaining that the reductions are infeasible.

The reported underexpenditures cited to justify the JBC Staff recommendation were attributable either to short-term, non-recurring circumstances, and do not represent actual reversions, but rather reflect limitations of performing an object code-based analysis due to payroll system limitations. Implementing these reductions will have significant impacts on the departments prospectively.

- Personnel & Administration (DPA):

- The reversions shown in figure setting were due to short-term, non-recurring factors (e.g., hiring delays, large term-limited FTE impacts from programs like the COWINS Wage Reopener, and a one-time template error), not systemic over-appropriations. Converting these unique, temporary events into permanent HLD and ULAED budget reductions would create an unsustainable strain on the Department's future capacity and eliminate needed budgetary flexibility.
- Public Safety (DPS):
 - DPS was underappropriated in HLD in FY 2023-24 and FY 2024-25 and an object code-based analysis of specific object code expenses is unable to properly demonstrate this. The Department requests General Fund appropriations for matching federal grants and for those programs that have a General Fund appropriation into a cash fund. The current payroll system prevents charging individual common policy POTS to different fund sources, requiring expense movement via journal entry. Journaling expenses from the federal and reappropriated fund sources to the General Fund by each individual object code for POTS would be thousands of lines of coding and overly burdensome, and therefore are journaled in the most efficient manner such as moving only the salaried portion of a position.
- Higher Education (DHE):
 - The DHE HLD, ULAED, and other common policy expenses are moved to and disbursed from the administrative line for programs and services. Therefore, neither HLD nor ULAED can be tracked by analyzing object code expenditures data and looking at overall expenditures in these long bill line items. The Department utilizes nearly all General Fund allocation for HLD and ULAED in any given year.
- Military & Veteran Affairs (DMVA):
 - DMVA's recent HLD and ULAED underexpenditures primarily stem from the variable funding structure of Colorado Army National Guard (COARNG) and Air National Guard (COANG), where federal funds range from 0% to 100%. Though ARNG and ANG FTEs are informational, they comprise 67-72% of DMVA's total departmental FTE. Since ARNG must report real-time labor, year-end spending varies greatly depending on federal and state vacancies. This uncertainty historically led to slightly over-allocating the General Fund in compensation splits, as the total compensation common policy uses FTEs at a single point in time.

However, General Fund allocation has been significantly reduced in FY 2025-26 and FY 2026-27. Further reductions based on prior underexpenditures, before these adjusted fund splits, would significantly burden the Department.

- Hiring difficulties also contribute to the underexpenditure, driven by a General Fund position increase of 8% (14 FTEs) between FY 2022-23 and FY 2024-25. The challenge of filling new positions, especially hard-to-staff roles like Veterans Service Officers within the Division of Veterans Affairs, requires significant time. Consequently, the Division has not yet fully staffed positions approved in FY 2023-24.
- Finally, payroll system constraints faced during recent payroll corrections necessitated entering corrections as lump sums under object code 1110 (salary) instead of specific personal services objects (HLD, UAELD, STD, etc.). This simplifies entry but results in inaccurate HLD and ULAED actuals, leading to misinterpretation when data is reviewed at this detailed level.
- Revenue (DOR):
 - The current recommendations do not account for the specific way the Division of Motor Vehicles (DMV) is funded. The DMV is funded by 6.5% General Fund and 93.5% cash funds. All FTE are initially charged to a cash fund. The finance team annually transfers expenses to the General Fund via a Journal Voucher using a generic object code, not specific HLD or ULAED codes. Consequently, the CORE financial system shows an apparent General Fund underspend for HLD/ULAED and a cash fund overspend. In reality, the DMV fully spends its General Fund appropriation yearly.
- Treasury:
 - The data presented in Figure Setting showed 5.3% vacancy savings in FY 2022-23, 8.0% savings in FY 2023-24, and 89.4% savings in FY 2024-25. FY 2024-25 is an extreme outlier. The large discrepancies are related to differing, but permissible accounting practices. More specifically, Treasury's POTS appropriations are 100% General Funded but Personal Services lines have mixed fund sources. Since payroll is run 100% on cash funds, it causes a large year-end overexpenditure. To clear this, Treasury shifts Personal Services and some POTS expenses to the GF, resulting in zero cash fund reversions and positive General Fund reversions. Treasury intends on revising its accounting practices to streamline reporting.

- Agriculture (CDA):
 - Agriculture recently cut General Fund appropriations by \$1.3M in FY 2024-25, and \$0.6Mk ongoing across all total compensation line items including POTS. The Department believes that this reduction effort already provides the minimum appropriations needed. If further reductions are applied, CDA expects the need to do a supplemental to cover the loss of POTS is likely.
 - Journal entries are not always done to the specific line item due to the cost/benefit burden using the State payroll system.

Comeback Calculations

[Summary tables](#)

Appendix

Additional details provided by each agency and calculation tables as applicable can be found [here](#).

Comeback #34: DPA FY 2026-27 CCCR N Capitol Complex Renovation & Footprint Reduction (Eliminate ADLE Payments/End S.B. 22-239)

	Original Request	JBC Action	Comeback Request
Total Funds	\$41,450,138	\$0	\$15,263,000
General Fund	\$0	\$0	\$0
Capitol complex renovation fund	\$41,450,138	\$0	\$15,263,000
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
FTE	0.0	0.0	0.0

Summary of JBC Action: The Committee approved Staff recommendations to:

- Deny the Department request for \$41.5 million of spending authority from the Capitol Complex Renovation Fund for FY 2026-27; and
- Sponsor legislation to repeal S.B. 22-239 and repeal the mechanism for setting aside ADLE payments in its entirety.

- Legislation is suggested to include a mechanism for sweeping unencumbered funds remaining in the Capitol Complex Renovation Fund to the General Fund on September 1, 2026.

Summary of Comeback Request: OSPB does not support legislation to repeal S.B. 22-239 and the mechanism for collecting ADLE payments. OSPB respectfully requests that the JBC retain the mechanism for collecting ADLE payments in statute, but redirect the funding for two critical components of the State's capital needs by: 1) funding a COP for some portion of the purchase and renovation of a correctional facility, and 2) directing that the remainder of the ADLE payments be deposited into the Controlled Maintenance Trust Fund to be used to fund Controlled Maintenance Level 1 projects in the State's annual budget.

Analysis

OSPB does not support legislation to repeal S.B. 22-239 and the mechanism for collecting ADLE payments. In the few years this mechanism has been in place, the ADLE payments have been used to support critical capital projects that might have gone unfunded but for this source of funding. These projects include security upgrades at the State Capitol, the complete renovation of the Legislative Annex building, upgrades and improvements to the Capitol cafeteria, renovations to the 1570 Grant Street building, etc. Eliminating this mechanism will curtail future investments in the State's buildings and infrastructure.

Department of Transportation

Comeback #35: CDOT Reducing General Fund Transfer to the MMOF

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	-\$10,500,000	-\$3,000,000
FTE	0.0	0.0	0.0
General Fund	\$0	-\$10,500,000	-\$3,000,000
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to draft legislation to eliminate the annual \$10.5 million General Fund transfer to the Multimodal Transportation and Mitigation Options Fund (MMOF) and to modify the current distribution formula of the retail delivery fee with the intention of maintaining funding to CDOT's Bustang program. The Committee has since approved draft legislation - Retail Delivery Fee Revenue Allocation LLS NO. 26-0849, to accomplish this.

Summary of Comeback Request: OSPB respectfully requests that the JBC reconsider its decision to eliminate the \$10.5 million General Fund transfer to MMOF, and consider an alternative reduction of \$3.0 million instead. CDOT requests this reduction only be one year, with a resumption of the full \$10.5 million transfer in future years. The Department assumes the JBC will modify the distribution between state and local projects in FY 2026-27 to maintain planned funding levels to Bustang.

Analysis: The MMOF funds local multimodal transportation projects throughout the state, as well as CDOT's regional bus line, Bustang. Any single-year reduction impacts all regions across Colorado and on multiple projects because MMOF funds are distributed by formula. General Fund transfers make up approximately 40-45 percent of each fiscal year's revenues.

Eliminating the annual \$10.5 million General Fund transfer will lead to a significant reduction or delay in allocations for projects across Colorado. During previous MMOF transfer reductions, CDOT mitigated the impact by utilizing unobligated funds to keep

as many ready projects on schedule as possible. A reduced cut of \$3.0 million allows for the MMOF program to mitigate the impact of reduced General Fund dollars again, to the extent possible. The current proposed cut of \$10.5 million would have considerable negative fiscal impacts, and leave CDOT unable to rely on unobligated funds in future fiscal years. Revenue from the MMOF Retail Delivery Fee alone is insufficient to keep planned projects whole. The MMOF is not expected to receive any Federal funding in the coming years.

Projects funded through the MMOF are not ancillary; they are critical safety investments and essential components of our transportation system. For example, most bike-related projects funded through the MMOF are not traditional “bike lane” projects that build entirely new corridors. While several dozen projects support road-separated, multi-use bike-and-pedestrian trail connections, the vast majority focus solely on improving safety and accessibility in high-risk areas. Investments include pedestrian safety improvements, ADA ramps and accessibility upgrades, and bike and pedestrian safety and mobility connections to schools, commercial districts, and employment centers, as well as separated multi-use trail connections. A significant portion of MMOF projects are designed to protect lives and improve safety.

MMOF funding also unlocks significant outside investment. Of the 330 funded projects, 94 leverage federal matching dollars and 79 draw on additional state funds. Cutting MMOF funding would not only halt critical safety improvements but also put these leveraged funds at risk, multiplying the impact of any reduction.

Examples of projects that have drawn down additional funding include:

- Southwest Weld Trail County Alignment in Weld County (\$0.5 M from MMOF, \$0.5 from Federal and Local Funds)
- Lone Creek Trail in Centennial (\$2.2 M in MMOF, and \$2.1 M from Federal and Local Funds)
- S. Havana St. Bikeway from Lone Tree (\$0.8 M in MMOF and \$0.4 M from Federal and Local Funds)
- CO 119 Operational Improvements Boulder to Longmont (\$33.9 M from MMOF and \$82.3 M from Federal, Other State, and Local Funds)
- Butchel Blvd. Complete Street and Evans Ave. Intersection Improvements in Denver (\$12.1 M MMOF and \$12.1 M from Federal and Local Funds).

Department of Revenue

Comeback #36: DOR R-03 H.R. 1 Tax Resources and Programming

	Original Request	JBC Action	Comeback Request
Total Funds	\$2,088,239	\$1,044,120	\$1,596,384
FTE	23.0	11.5	16.5
General Fund	\$2,088,239	\$1,044,120	\$1,596,384
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to fund half of the R-03 request, acknowledging the risks associated with reduced staff dealing with more complicated tax returns due to H.R. 1, while Committee Staff recommended no funding. JBC Staff acknowledged and recognized the increasing workload pressures within the Taxation Division, especially as a result of federal H.R. 1, but was unable to recommend the request under the current constrained fiscal circumstances.

Summary of Comeback Request: OSPB respectfully requests that the JBC fund a partial amount of \$1.6M with 16.5 FTE in FY 2026-27, annualizing to \$1.5M and maintaining 16.5 FTE for FY 2027-28 and ongoing.

Analysis: The updated requested personnel include varying levels of Tax Examiners (12.5 FTE), Auditors (2.0 FTE), and Tax Conferees (2.0 FTE), who will be responsible for implementing and overseeing the requirements of statute. The Department does not recommend any further reductions to staff in other categories, as they are essential for balancing customer service and state revenue protection.

The employees within the Taxpayer Services Service Centers and Call Centers are the frontline in supporting voluntary tax compliance, and currently face a growing gap between demand and capacity. Any questions or challenges taxpayers or preparers face navigating new requirements, will add to the existing call volume. Without staff to handle these increases, wait times and blockage rates will increase significantly.

The remaining staff requests are focused on individual compliance using IRS data matching. These activities are critical for revenue protection for the state. The revenue from this particular addback results from a high volume of lower-dollar assessments. As such, staff will be needed to manage the entire portion of the population that underreports. Reducing the population examined will proportionately reduce the revenue recovered.

The Discovery section will harness large datasets, including IRS extracts, to evaluate returns for non-filing or under-reporting of income. While the Discovery staff were leveraged in the original request, their data matching and billing programs will now be driven by IRS data, which is typically more accurate and cleaner than information reporting from employers, despite arriving lagged by a few years. Collections and Conferee staff are necessary to manage billing and protest concerns associated with these lagged compliance activities. The Audit staff remain necessary to manage the increased workload associated with evaluating employer W2 reporting to enable employees to file correctly.

Most of these resources will be focused on ensuring employers and employees are complying with the new law. The requested computer programming hours will be used to update existing systems and use new data to handle the new tax requirements. DOR estimates that as many as 135,000 Colorado taxpayers could be impacted by taxation updates as a result of H.R. 1. If DOR does not deploy additional resources to provide customer service, overall service level availability will be impacted by questions and confusion from taxpayers. The correct collection of state revenue through tax returns will be in jeopardy.

This comeback reduces the fully annualized FTE impact from 26 FTE to 16.5 FTE. The request will annualize to \$1,485,233 GF. The Department's original decision item included a compliance work plan that required additional information reporting from employers regarding their employees' qualified overtime wages. However, the Department is tracking a recent IRS news release from March 2nd, 2026 that indicates the agency plans to maintain a special reporting schedule for deducting qualified tips, overtime, and interest on their federal returns. Department staff confirmed with IRS Privacy, Governmental Liaison and Disclosure staff that this federal return data will be included in the matching files and data extracts subscribed to by the Department.

This substitution reduces some of the workload that would have required additional staff in several key compliance areas, resulting in the reduction of the fully annualized FTE. If the Department is only funded for half the request, the Department will have half the enforcement mechanism resulting in call center wait times increasing and reduced protections of state revenue.

Comeback #37: DOR Lottery Division

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	-\$5,024,763	-\$1,700,000
FTE	0.0	0.0	0.0
General Fund	\$0	\$0	\$0
Cash Fund	\$0	-\$5,024,763	-\$1,700,000
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted 3-2 to approve base appropriation and line item detail for the State Lottery Division, but to reduce the marketing and communications line item by \$5.0 M, over concerns around marketing addictive products and iLottery.

Summary of Comeback Request: OSPB respectfully requests that the JBC partially restore the Marketing and Communications line item appropriation to \$16.5 M total for the Lottery Division.

Analysis: The Marketing and Communications appropriation is \$18.2 million. With the DOR R-03 Decision Item last year, the Department received a \$3.0 million increase to the appropriation for Lottery Marketing and Communications. There had been no increase in Marketing and Communications in over 15 years prior to this increase. \$18.2 million is approximately 2% of the projected FY 2025-26 total sales of \$898 million, while marketing activities for casinos & sports betting operators can easily exceed 20% of gaming revenue. This appropriation is a relatively modest amount for the amount of revenues being received by the state for the lottery. The updated comeback request of \$16.5 million for Marketing and Communications, would align with current year projections for spending (\$16.7 million), while still allowing the Division to perform its statutory duties.

Lottery has undertaken a deliberate approach to utilizing the authorized increase, reviewing current advertising and marketing efforts and future game rollouts, to best leverage the allotted spending authority. The Lottery continues to participate in sponsorship activities with the Colorado State Fair, the National Western Stock Show,

the Pueblo Chili & Frijole Festival, and the Ouray Ice Climbing Festival. In addition, the Lottery leads the annual Runyon to the Res greenway clean up event in Pueblo. Additionally, the Lottery Division's Responsible Gaming appropriation and efforts exist within the Marketing and Communications Line Item. The Lottery Division utilizes this appropriation on increased awareness campaign surrounding Responsible Gaming month, new tools on the website to guide players on positive play, increased messaging throughout the year on health play habits, and research on the effectiveness of responsible gaming strategies and best practices across the country, with the target of rolling out improved tools in FY27.

The Department believes that the Marketing and Communications appropriation is critical for the statutory responsibility of the Division to distribute the many beneficiaries. If the marketing and communication appropriation is not partially restored, lottery revenue will be jeopardized and likely decrease, and the enterprise will not be able distribute beneficiary proceeds to all of the state beneficiaries. Based on the December OSPB forecast, the current FY will hit the statutory distribution with proceeds going towards the Outdoor Equity Fund, BEST, OREC, and other programs. Without stable funding for marketing and communications, these distributions will be compromised in future years.

Department of Human Services

Comeback #38: CDHS R-03/R-18/BA-05 HSMA Funding for Supplemental Nutrition Assistance Program Education (SNAP-Ed)

	Original Request	JBC Action	Comeback Request
Total Funds	\$10,960,867	\$10,960,867	\$11,160,867
FTE	0.0	0.0	0.0
General Fund	-\$500,000	-\$500,000	-\$500,000
Cash Fund (HSMA)	\$37,346,852	\$37,346,852	\$37,856,852
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	-\$25,885,985	-\$25,885,985	-\$25,885,985

Summary of JBC Action: The Committee voted to deny Staff’s recommendation to modify the request and instead approved the request in full. In addition to approval of the request, JBC voted to create a new State-funded program to promote nutrition education, with a \$0 appropriation requesting a comeback for an amount deemed sufficient and sustainable.

Summary of Comeback Request: OSPB respectfully requests that the JBC appropriate \$0.2M TF/CF in FY 2026-27 and \$2.5M TF/CF and 2.0 FTE ongoing from the Healthy School Meals for All (HSMA) fund to expand the Electronic Healthy Incentives Program (eHIP). e-HIP is a federal pilot program that is currently scheduled to remain operational until September 2027. The program issues incentives on EBT cards to subsidize fruits and vegetables by reimbursing clients up to \$60/month. The amount reimbursed can be spent on any SNAP-eligible item at any SNAP retailer. The comeback requests start-up costs of \$0.2M HSMA one-time to invest in the pilot program until it ends to ensure retailers are supported, and \$2.5M ongoing, including an incentives budget of \$2.0M CF annually to extend the pilot after federal support lapses.

Additionally, OSPB respectfully requests an increase in spending authority of \$0.25M TF/CF one-time from the Agricultural Management Fund for the Department of Agriculture’s (CDA) to fund community food access. This would provide grant support

to projects that connect Colorado producers to charitable food programs and retailers in underserved areas, as well as support Community Food Consortium members implement the Colorado SNAP Healthy Choice waiver.

Analysis

The Electronic Healthy Incentives Program (e-HIP) is a pilot program 100% funded by the federal government until September 2027. The program is modeled after the Healthy Incentives Pilot (HIP) established by USDA's Food and Nutrition Service (FNS) in 2012. HIP made fruits and vegetables more affordable for participants in SNAP by reimbursing them 30 cents for every SNAP dollar spent on qualifying fruits and vegetables at participating SNAP-authorized retailers. The pilot's incentive model integrated incentive delivery and redemption through the state's Electronic Benefit Transfer (EBT) processor, which loaded the incentive directly onto the household's EBT card.

Between July 2024 and September 2027, the program anticipates issuing nearly \$6.56 million in electronic incentives on SNAP EBT cards to subsidize fruits and vegetables purchased with SNAP EBT cards. When a person purchases eligible produce, it triggers the Fidelity Information Services (FIS) EBT processing system to reimburse the client's card. The amount reimbursed can be spent on any SNAP eligible item at any SNAP retailer. SNAP clients can get reimbursed for up to \$60/month. The primary impact measure for the pilot program is the difference in targeted fruit and vegetable TFVs consumption. By making healthier foods more affordable, the program aims to shift food spending behaviors. A cost-effectiveness study estimated that over the lifetime of ~14.5 million adult SNAP participants, nearly \$42 billion could have been saved in healthcare costs by including food incentives and disincentives for participants on SNAP⁶. Even after accounting for program costs, incentives and disincentives are one of the most efficient approaches to improving healthy behaviors among SNAP clients. Using experience developed through this federal pilot and increasing the number of grocery chain retailers participating in the program, approximately \$2 million in incentive funds could be issued annually.

A 2014 rigorous evaluation of the HIP program found participants consumed significantly more TFVs per day representing an increase of 26% over SNAP clients that did not utilize the service⁷. In addition to changing spending behavior, the evaluation noted the participation of retailers being essential to the success of the program. The

⁶ [Tufts University, Health Sciences Campus \(2018\) To make SNAP healthier and save costs: Offer food incentives and disincentives](#)

⁷ [USDA Food and Nutrition Service \(FNS\) Evaluation of the Healthy Incentives Pilot \(eHIP\) \(2014\)](#)

most common problems reported by retailers were the lack of integrated point of sales (POS) systems. The federal government currently does not cover administrative costs associated with POS development, and this has been a barrier to onboarding retailers who would have to modify their POS systems to be able to issue incentives on SNAP EBT cards.

Request

The comeback requests \$0.20 million cash funds (HSMA) in FY 2026-27 increasing to \$2.5 million cash funds (HSMA) in FY 2027-28 ongoing to expand the eHIP program beyond its current pilot phase. In FY 2026-27, the funding will boost retailer participation in the program. The outyear request includes \$2 million in incentives and includes funding to support retailer onboarding, EBT processing fees, marketing, and funding for monitoring and evaluation. OSPB and CDHS believe scaling and expanding e-HIP is a cost-effective and evidence-based way to bring healthy foods to SNAP recipients at scale. With e-HIP currently operating as a pilot program, the Department has a longer runway to continue and scale the initiative successfully. The federally-funded SNAP-Ed program provided valuable education on nutrition and budgeting, and eHIP directly lowers the financial barriers to purchasing fruits and vegetables for vulnerable families.

The request proposes a mix of farmers, local grocery stores and national chains. Currently, 45 farmers and 4 local grocery stores in Colorado are participating in the program; approximately \$235,000 in incentives have been issued to approximately 2,800 SNAP clients between July 2024 and December 2025. The program is planning to onboard 10 Safeway stores before September 2027.

This plan for program expansion is informed by and modeled on lessons learned from other state-funded electronic SNAP incentive programs. For example, Massachusetts operates a farmer-only model that focuses exclusively on farm vendors, California partners primarily with local state chains and Rhode Island works with national grocery chains. **Assumptions and Calculations**

For FY 2026-27, the comeback requests \$200,000 TF/CF (HSMA):

- Point of Sale (POS) software development costs to support retailer onboarding (\$200,000): Given the amount of time it takes to onboard a retailer, the comeback proposes shifting the costs upfront before the pilot program ends. Developing infrastructure for POS is time consuming as retailers have to work with their vendors to develop backend coding for their POS to be able to process a reimbursement to a client's SNAP EBT card.

- \$46,000 to fund 0.5 FTE contract program staff to support retailer onboarding, training, and marketing.
- Monitoring and Evaluation (\$10k): The federal government currently does not pay for evaluation of impact of the eHIP program. State investment into this cost factor would greatly improve CDHS' ability to measure the effectiveness of this program to improve nutrition and economic outcomes for SNAP clients.
- Travel to retailers (\$4k): 1 State employee + 1 contractor employee travel to retailers sites to train and set up systems (approximately six retailer trips).

For FY 2027-28 ongoing, the comeback requests \$2.5 million TF/CF (HSMA):

- EBT processing fees (\$24k): Calculated assuming \$1,000/month for reports + \$1,000/month for incentive transaction fees (or \$.16 per transaction). If the State exceeds 6,250 transactions, Fidelity Information Services (FIS) charges \$.16 per transaction when the incentive is issued rather than a \$1,000 flat fee. This cost model is different and less expensive from how FIS typically charges states to load benefits to an EBT card which is generally much more expensive (\$4-\$5 per benefit load).
- Incentives budget (\$2M annually): With additional funding after 2027, the program is anticipated to onboard a minimum of 10 big retailers and 5 small independent stores annually, which would increase incentive use among approximately 30,000 households via \$2M of incentives annually.
- \$205k for [2.0 FTE](#) (Social Service Specialist IV, Social Service Specialist III,) to manage the program, including project management, fiscal controls, vendor relations, outreach and marketing, training, program monitoring, reporting, and evaluation.
- POS development costs (\$200k): development of a POS systems and payments platform which will allow the onboarding of a variety of retailers
- Marketing & Communications costs (\$53k): The funds will be used for marketing and communication essential for expanding the reach of the eHIP program and ensuring eligible individuals are aware of available benefits. Funding for marketing helps target underserved communities, where barriers such as limited access to information and fewer participating retailers can make it harder for clients to access the incentives.

- Travel (\$10k): Approximately 15 trips to retailers for training, testing, and evaluation
- Monitoring and Evaluation (\$8k): Ongoing funding for evaluation will allow CDHS to continue assessing the program’s effectiveness in improving nutrition and healthy food purchasing. Additionally, data collected will help inform program improvements and strengthen program design.

Department of Agriculture Community Food Access

OSPB respectfully requests an increase in spending authority of \$0.25M CF one-time from the Agricultural Management Fund for the Department of Agriculture’s (CDA) to fund community food access. This would provide grant support to projects that connect Colorado producers to charitable food programs and retailers in underserved areas, as well as support Community Food Consortium members implement the Colorado SNAP Healthy Choice waiver. If approved, these grants will support farmers bolstering food access and retailers adapting to SNAP changes, and be a part of the State’s implementation plan of the requested federal SNAP waiver.

Comeback #39: CDHS Member-Initiated Admin Reduction, Excess Federal Title IV-E Reimbursements Cash Fund

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	-\$340,000	\$0
FTE	0.0	0.0	0.0
General Fund	\$0	-\$340,000	\$0
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee reduced CDHS’ administrative line in the Executive Director’s Office (EDO) by \$0.3M TF/GF ongoing. The Committee requested a comeback with information on the outstanding cash fund balance from the Excess Title IV-E Cash Fund and, if the funds are not being spent, any additional allowable uses. The cash fund consists of federal earnings from the adoption assistance program and can only be used for certain allowable permanency and adoption services. JBC

Staff highlighted that the Committee added a footnote and RFI in 2023 stating the General Assembly’s intent that \$0.3M of the \$1.8M cash fund spending authority appropriation be used to contract with a non-profit that provides permanency services. In FY 2025-26, the cash fund had a beginning year fund balance of \$3.7 million and is projected to have a beginning year balance of \$2.9 million in FY 2026-27.

Summary of Comeback Request: Currently, CDHS has contracts that amount to approximately \$0.7M annually from this fund to support post-permanency services for adoptive families. **CDHS therefore abides by and fully complies with the intent expressed by the General Assembly.** OSPB respectfully requests that JBC reconsider its decision to reduce the admin line. Pursuant to the Social Security Act, adoption savings generated under Titles IV-E and IV-B are deposited into the Excess Federal Title IV-E Reimbursements Cash Fund and must be reinvested in allowable permanency and post-adoption services. Although FY 2024-25 cash fund expenditures appear lower due to a temporary shift of eligible costs to an expiring federal Adoption Incentives Grant, overall spending levels remain consistent with prior years and are focused on expanding statewide post-permanency and specialized clinical supports.

Analysis

Adoption Savings are calculated based on Title IV-E Adoption Assistance claims made on behalf of those children who would not have been eligible absent the “applicable child” criteria. In most instances, the savings equal the federal share of those claims, as that amount would otherwise have been paid with non-federal Title IV-E agency funds.

Allowable activities include post-legal adoption services for families who have adopted children with special needs, such as day treatment and respite care, as well as efforts to increase the adoption of older youth from foster care, including child-specific recruitment strategies. Adoption savings must supplement, rather than supplant assistance.

CDHS abides by and fully complies with the intent expressed by the General Assembly that \$340,000 is used to contract with a non-profit that provides permanency services. Currently, CDHS spends approximately \$0.7M annually on post-permanency support for families and on a pilot program serving high-needs youth who remain in the system but require permanency. The fund is used to operate intensive permanency programs for high-needs youth, including contracts with the Kempe Center (Kids PLUS) and Raise the Future to strengthen kin connections, caregiver capacity, and placement stability.

In FY 2024-25, expenditures from the Adoption Savings Cash Fund were lower because the Department shifted certain allowable costs to the federal Adoption Incentive Grant. Under the Adoption Incentive Grant, Title IV-E agencies receiving adoption and legal guardianship incentive awards must use the funds for services and activities allowable under Titles IV-B and IV-E of the Social Security Act, including post-adoption services. To maximize available federal funding before it expired on September 30, 2025, the Department moved approximately \$373,000 in expenditures from the cash fund to the expiring federal grant. This temporary shift resulted in lower spending in the cash fund, despite program needs remaining consistent.

The \$0.1M spent in FY 2024-25 as indicated by the RFI linked [here](#) and included in JBC Staff’s document, along with the \$0.4M that was initially expended out of the cash fund but then later shifted to other funding sources, aligns with prior year spending patterns. The contracts for FY 2024-25 originally totaled approximately \$682,000, however, the contracts were not fully spent down from the awarded amount. All expenditures were originally incurred under contracts supported by the cash fund and were subsequently moved to the Adoption Incentive Grant to maximize available federal funds before they expired. Below is a table outlining the contract amount for each of the vendors the Division of Child Welfare currently holds contracts with:

Table 1. Vendor Contract Amounts, FY 2023-24 through FY 2025-26

Vendor	FY 2023-24	FY 2024-25	FY 2025-26
Kempe Center	\$83,333	\$228,948	\$200,000
Raise the Future	\$256,766	\$453,431	\$472,538
Total	\$340,099	\$682,379	\$672,538

The contract with the Kempe Center, known as the Kids PLUS program, serves youth with complex cases who have remained in the child welfare system without achieving permanency. The program focuses on identifying and strengthening kin connections to establish permanent placements and lifelong supportive relationships. Serving approximately 15 youth per year, the program provides intensive case reviews, kin identification and engagement, stabilization planning, and interdisciplinary consultation to support lasting connections. It also develops individualized treatment and permanency plans through comprehensive information gathering, youth-driven kin selection, structured connection planning, and formal consultations. The program includes case-level reporting, outcome evaluation, and dedicated resources to

support kin searches and youth engagement, with the overall goal of increasing permanency, connectedness, and long-term well-being for high-acuity youth.

Raise the Future partners with DCW and participating counties to implement and expand a high-acuity family support model designed to strengthen caregiver capacity and improve placement stability. Raise the Future delivers evidence-based TBRI training and intensive in-home coaching to caregivers, with services front-loaded around youth placement or reunification. A joint leadership team will oversee implementation, meet regularly to review progress, and refine interventions to ensure effective service delivery and coordination across counties. The contract also supports expansion into two additional counties, with the goal of statewide scale. Raise the Future will execute MOUs, provide training and coaching through qualified practitioners, and collect detailed service and outcome data. Quarterly reporting to DCW and macro-level outcome tracking will support continuous improvement, accountability and long-term system impact.

CDHS will continue working closely with counties and community partners to maximize the use of the cash fund, ensure alignment with federal allowable activities, and support permanency outcomes for Colorado’s children and youth.

Of note, the Executive Branch is in agreement with JBC Staff and OLLS Staff that the cash funds can not be transferred to the General Fund because the use of funds is determined by federal law.

Comeback #40: CDHS R-05 TANF State Policy Changes

	Original Request	JBC Action	Comeback Request
Total Funds	(\$19,180,663)	Delayed	(\$19,180,663)
FTE	0.0		0.0
General Fund	\$0		\$0
Cash Fund (TANF)	(\$19,180,663)		(\$19,180,663)
Reappropriated Funds	\$0		\$0
Federal Funds	\$0		\$0

Summary of JBC Action: The Committee delayed action on the Department’s request to sponsor legislation to make substantive changes to state policies for implementing

the federal Temporary Assistance for Needy Families (TANF) programs. JBC Staff recommended denial of the request and instead recommended the Committee sponsor legislation to remove the requirement for annual adjustments to Basic Cash Assistance (BCA), eliminate the earned income disregard, eliminate the requirement that counties offer extensions for participation in TANF beyond the 60-month federal maximum provisions, roll-back the minimum sanction for the first infraction to pre-H.B. 22-1259 requirements, eliminate State and County reserve minimums and to remove the statutory requirement that the General Fund backfill the state Long-term Works Reserve (LTR).

Summary of Comeback Request: OSPB respectfully requests that the Committee approve the following changes to the TANF program to protect client benefits and contain costs:

- Pause the Cost of Living Adjustment (COLA) for two years generating \$33.8m in savings over 5 years. JBC Staff originally recommended eliminating the COLA ongoing but agrees with pausing as a part of the comeback.
- Add a new Request for Information (RFI) directing the State and Counties to coordinate and submit additional expenditure data to the Committee annually on January 1. Members of the committee and JBC staff have expressed more data on TANF to inform future policy decisions.
- Create a new Basic Cash Assistance (BCA) appropriation managed at the State level as requested while remaining open to continued discussion.
- Develop and explore a plan to address the structure of TANF reserves utilizing lessons learned from other states.
- Approve several components recommended by JBC staff including:
 - Removing the requirement for the General Fund to backfill the State LTR along with removing the requirement for the State LTR to backfill County reserves to the 15% floor as requested.
 - Eliminating the requirement that counties offer extensions beyond the 60-month federal maximum provisions ensuring counties are still allowed to offer extensions.
 - Eliminate the State and County reserve minimums in statute while still allowing the State to maintain a reserve minimum administratively.

The comeback request excludes reducing the county reserve cap from 40% to 20%, and applying a statewide approach for transferring TANF to Child Care and Child Welfare. Additionally, OSPB respectfully requests the Committee deny JBC Staff recommendation to eliminate the earned income disregard and roll-back minimum sanction for first infraction to pre-H.B. 22-1259.

This comeback request was mutually agreed upon by both OSPB and JBC staff excluding the proposal to manage BCA at the State level which JBC staff disagrees with. OSPB would like to thank JBC staff for the collaboration on this comeback request.

Analysis

OSPB requests the Committee approve the request to pause the Cost of Living Adjustment (COLA) for two years generating \$33.8m in savings over 5 years. After the two-year pause, the requests proposed adjusting BCA payments by the Social Security Administration’s published COLA. JBC Staff recommended eliminating the COLA ongoing. Pausing the COLA will slow expenditure growth and provide sufficient time to continue assessing fiscal solvency of the TANF reserves and annual block grant appropriation.

Table 1: Impact of 2-year COLA Pause Proposal

Fiscal Year	Cost Projections per Statute	Cost Projections per Proposal	Avoided Cost Increase
2026-27	21,802,036	18,707,416	3,094,620
2027-28	25,187,798	18,707,416	6,480,382
2028-29	28,649,211	21,303,626	7,345,585
2029-30	32,069,472	23,754,380	8,315,092
2030-31	35,028,291	26,406,002	8,622,289

JBC Staff and OSPB agree that additional data is critical to inform future policy decisions and understand the stress points on the TANF reserves and annual allocation. The comeback requests the addition of a new Request for Information (RFI) directing the State and Counties to coordinate and submit additional expenditure data to the Committee annually on January 1. The Department is drafting language for JBC staff to present to the Committee for approval alongside all RFIs. The additional reporting requirements will help inform future policy decisions related to administrative spending.

The Executive Branch shares JBC staff's concern about the requirement for the General Fund to backfill the State LTR. The comeback requests eliminating the requirement for the General Fund to backfill the State LTR rather than only removing the requirement for the State LTR to backfill County reserves to the 15.0 percent minimum balance.

The proposal also includes the elimination of State and County reserve minimums in statute while still allowing the State to maintain a reserve minimum administratively. Prior to H.B. 22-1259, CDHS had an administrative practice of keeping a reserve minimum equal to one quarter of the annual federal block grant (\$33.9 million) to bridge the gap between state and federal fiscal years, in case of unexpected needs, and will maintain that practice unless directed otherwise by the General Assembly.

Additionally, OSPB requests approval of JBC staff's recommendation to eliminate the requirement that counties offer extensions beyond the 60-month federal maximum provisions while ensuring that any legislative changes preserve counties' ability to offer extensions as they deem appropriate.

OSPB strongly urges the Committee to deny JBC Staff recommendation to eliminate the earned income disregard and roll-back minimum sanction for first infraction to pre-H.B. 22-1259. Earned income disregard eases the "cliff effect" in TANF, when a family makes too much to qualify for the program but too little to reach economic stability. The policy change has provided families a short period of time to get their feet under them after finding a job, before the new income disqualifies them from being enrolled in TANF. A 2025 evaluation by the Social Work Research Center at CSU of the impacts of H.B. 22-1259 found earned income to be the policy change that had the biggest impact for TANF families⁸. Complete elimination of the income disregard policy would hurt clients by removing clients with nominal income increases from the caseload with no stabilization/adjustment period. Roll back of sanctions to pre-H.B. 22-1259 would also reduce support to clients facing barriers to self-sufficiency.

The comeback request excludes reducing the county reserve cap from 40% to 20% while proposing to explore a plan to address the structure of TANF reserves utilizing lessons learned from other states, and applying a statewide approach for transferring TANF to Child Care and Child Welfare.

⁸ [Colorado State University Social Research Center \(2025\) Modifications to Colorado Works \(HB22-1259\) Program Evaluation](#)

Comeback #41: CDHS Competency Legislative Placeholder

	Original Request	JBC Action	Comeback Request
Total Funds	\$10,000,000	\$10,000,000	\$30,000,000
FTE	0.0	0.0	0.0
General Fund	\$10,000,000	\$10,000,000	\$30,000,000
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

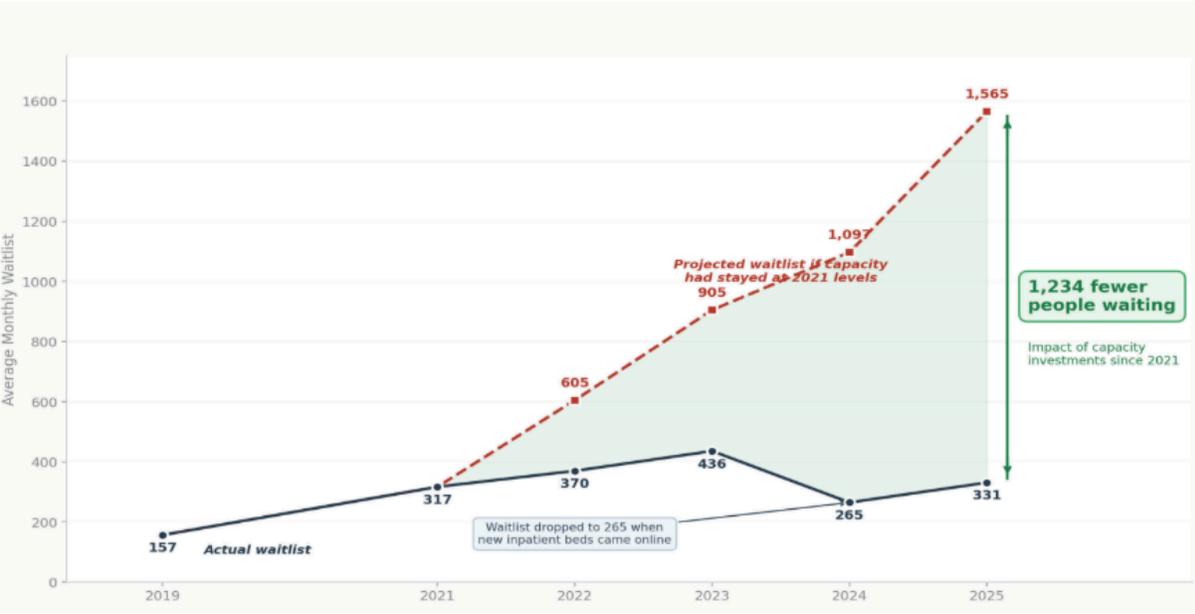
Summary of JBC Action: The committee approved the request for a \$10 million legislative placeholder related to competency specifying that the funding should go towards placements. The Committee emphasized and mutually agreed with OSPB on the need to address the consent decree and the competency waitlist.

Summary of Comeback Request: OSPB respectfully requests that in addition to the \$10 million legislative placeholder, the Committee set aside an additional \$20 million making more current beds available, contracting for additional beds with third party providers, and operations costs to support the services. Considering recent legal actions and proceedings, CDHS and the Governor’s Office are evaluating how best to use limited state resources. OSPB will be in touch with the Committee to discuss the \$10 million placeholder in addition to the requested approximately \$20 million, with an April 1 target submittal date.

Analysis:

The image below demonstrates that there are 1,234 fewer people waiting on the inpatient restoration waitlist due to the impact of capacity investments since 2021 and without these investments the waitlist would be five times longer. However, as a result of the increasing orders and despite state investment, the waitlist has increased. Based on the special masters’ February 28, 2026 report, increasing inpatient beds has the greatest and most direct influence on reducing the waitlist for competency evaluations and restoration treatment.

Figure 1. Without this state investment, the waitlist would be five times larger.
(Graph from February 28, 2026 Special Masters Quarterly Report)



Appendix A contains a letter to the Committee additional detail describing the status of the consent decree, the significant progress made towards compliance in recent years, and detail on next steps for the comeback request.

Department of Agriculture

Comeback #42: CDA Climate Resilience Grant, Agrivoltaics Grant, Equine Welfare Grant

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	(\$700,000)	\$0
FTE	0.0	0.0	0.0
General Fund	\$0	(\$700,000)	\$0
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee chose to end funding for 3 grants programs at CDA: Climate Resilience Grant (\$300,000 GF), Agrivoltaics Grant (\$200,000 GF), Equine Welfare Grant (\$200,000 GF)

Summary of Comeback Request: OSPB respectfully requests the Committee reconsider its decision to end funding for these programs.

These programs provide valuable resources to Colorado's agricultural producers. The Agrivoltaics program provides support to build solar panels on agricultural land to land owners or managers who wish to take advantage of this economic opportunity. The Climate Resilience Program helps local agricultural producers conduct climate resiliency projects. The Equine Welfare program supports education and outreach, emergency veterinarian care, and shelter support for domestic horses, burros, donkeys, or mules, and was established to address equine cruelty or neglect.

Analysis

Climate Resilience Grant Program: This grant program is designed to provide crucial financial assistance to farmers and ranchers who have experienced adverse effects due to climate-change induced disasters and are seeking to enhance their resilience against future climate-related challenges. This funding is critical, especially given the severe drought and water shortages we are experiencing. This is the only funding CDA has to support producers dealing with these impacts.

Agrivoltaics Grants: The Agrivoltaics Research and Demonstration Grant Program grants investigate the advantages, additional costs, and compromises of agrivoltaics systems. Funded projects include the construction of multiple new agrivoltaic arrays that showcase various panel technologies and applications with different cropping systems. Additionally, the program funded outreach campaigns, research studies, the retrofitting of a traditional solar array for grazing, and economic modeling projects. Agrivoltaics is a critical tool that enables producers and rural communities to benefit from both renewable energy production and agricultural production on the same lands, increasing economic output and the local tax base. It is also a planning tool to alleviate tensions in rural communities over the use of land for renewable energy production.

Equine Welfare Assistance Grants: The Equine Welfare Assistance Grants fund domestic equine welfare projects in Colorado to support education, outreach, as well as emergency and veterinary services for domestic equines in the state. As JBC Staff noted, a CSU survey of State Bureau of Animal Protection agents and other animal protection and law enforcement organizations found that between July 2021 to 2023, 893 investigations were related to equine cruelty or neglect, with 355 horses removed from investigated facilities. This program addresses recommendations from that study. The program is already slated to be sunset at the end of FY 2026-27. OSPB respectfully requests that the Committee fund the program to continue into its last year.

Department of Health Care Policy and Financing

The Governor proposed a balanced budget for FY 2026-27 that took the critical step of slowing the growth of Medicaid spending to a 5.6 percent year-over-year increase. This growth rate increases year-over-year Medicaid spending by roughly \$2 billion TF / \$300 million GF. This is achieved through a combination of continuing the actions initiated in FY 2025-26 by executive authority; rolling back recent policy changes that expanded benefits and increased provider rates; implementing utilization management tools; undertaking a 0.75 percent across-the-board provider rate reduction; and adopting other targeted actions.

On February 17, 2026, HCPF provided JBC a new caseload forecast that projects GF expenditures will be \$70 million greater in FY 2025-26 and \$138 million greater in FY 2026-27, compared to the October 31, 2025 forecast. This clearly exacerbates the challenge to balance the State’s budget. In order to maintain a 5.6 percent growth target for Medicaid spending, we propose a 3.6 percent across-the-board provider rate reduction (this reflects savings estimates that incorporate the February 17, 2026 caseload forecast).

We are submitting several HCPF comebacks to keep Medicaid on a more sustainable budget trajectory. The decisions the JBC makes in the coming weeks will decrease or increase the 3.6 percent across-the-board provider rate reduction needed to hold to 5.6 percent growth. We appreciate your partnership on these difficult decisions.

Comeback #43: HCPF [BA-07k Cover All Coloradans](#) Long-Term Supports and Services/Behavioral Health

	Original Request	JBC Action	Comeback Request
Total Funds	\$127,950	\$0	-\$10,417,844
FTE	0.0	0.0	0.0
General Fund	\$127,950	\$0	-\$8,800,832
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	-\$1,617,012

Summary of JBC Action: The Joint Budget Committee made a number of changes to the Cover All Coloradan (CAC) benefit structure, in an effort to mitigate the program's growing General Fund obligation.

The Committee voted to stop Long-Term Supports and Services (LTSS) benefits for children enrolled in CAC, while still grandfathering in CAC members currently utilizing LTSS benefits, but capping future use. Additionally, the JBC voted to have HCPF implement these benefit caps by July 1, 2026.

As requested in the Governor's budget, JBC approved a cap on dental benefits of \$750 annually for CAC populations.

The JBC additionally voted to remove children from the Accountable Care Collaborative (ACC), leaving only CAC adults that will benefit from the care coordination benefit.

Summary of Comeback Request: OSPB respectfully requests the Joint Budget Committee make three changes to the CAC benefit structure figures setting decisions

- 1) The Department and OSPB request the JBC approve an implementation timeline recommended by JBC analyst Eric Kurtz of January 1, 2027 for changes to LTSS and dental benefits. The timeline as currently approved by the Committee is not feasible for the Department.
- 2) The Department and OSPB requests that there not be a cap on LTSS services for legacy recipients, as the administrative burden will likely to outweigh potential savings
- 3) The Department and OSPB request the JBC eliminate ACC enrollment for the entire CAC population, as keeping only adults makes it logistically difficult for the Department to stay in compliance with federal regulations.

These three changes to the JBC's figure setting decisions will achieve savings of \$8.8M GF in FY 2026-27.

Analysis

Currently, an implementation date of July 1st, 2026 is not feasible for the requested benefit caps. The Department's original request assumed that all of the reductions including the LTSS enrollment freeze would require the creation of an entirely new benefit plan at significant cost and with a lengthy implementation timeline. After further consideration, the Department identified a way to freeze (or cap) LTSS enrollment for new members and grandfather (or legacy, the Department's preferred

term) CAC children members who are currently accessing LTSS services. Without jeopardizing major system build requirements associated with HR 1, the earliest this can occur is March 2027.

OSPB therefore requests the JBC approve the implementation timeline recommended by JBC staff.

The Department has identified the following issues with capping LTSS services for existing CAC users.

- Immediately capping these services creates a major health/life concern for these kids whose families have become reliant on the current levels of service.
- Establishing a cap for the small number of CAC children utilizing LTSS could have significant administrative costs that might exceed potential savings.

OSPB therefore requests the JBC grandfather in existing LTSS utilizers within the CAC program without a cap.

It is not possible to eliminate the ACC benefit for children and keep the benefit for adults due to federal contractual complexities. If the committee eliminates it for all populations there would be additional savings (\$1.55M TF, \$0.5M GF). Choosing to offer both children and pregnant adults care coordination services will reduce savings by \$3.6M GF.

The Department has identified the following issues with removing children from the ACC, but not pregnant adults:

- This change, combined with new federal regulation requiring us to remove undocumented folks from Medicaid managed care contracts, creates an unmanageable risk to the Department and our managed care partners. We will have to put pregnant and postpartum people for this population in a standalone “shadow” contract with a very small risk pool. Contracts require mutual agreement between parties and these contracts would have much greater risk associated with the smaller population covered.
- The RAEs or MCOs may choose to accept that risk, but HCPF can not force RAEs or MCOs to accept the risk associated with having a small pool, which could leave the Department unable to administer the program to these members.

As a result, OSPB requests the JBC eliminate ACC enrollment for the entire CAC population.

Proposed CAC Changes General Fund Savings

Description	FY 2027 Jan 2 Request*	FY 2027 Mar 18 Request**	FY 2028 Jan 2 Request*	FY 2028 Mar 18 Request**
End LTSS Benefits (Legacy existing)	\$0	\$0	\$0	\$0
Moving CAC children from BH capitation to Fee-for-service	\$0	-\$5,185,966	-\$3,457,310	-\$10,371,931
\$750 Dental Cap	\$0	-\$3,678,829	-\$1,839,414	-\$7,356,658
Removing CAC children from ACC	\$0	-\$2,277,333	-\$1,138,666	-\$4,554,665
CBMS System Costs	\$132,076	\$2,341,295	\$2,341,295	\$585,004
Enrollment Freeze for CAC children	\$0	-\$6,000,000	\$0	-\$17,100,000
Total	\$132,076	-\$14,800,833	-\$4,094,095	-\$38,798,250

Comeback #44: HCPF BA-07k Cover All Coloradans Freeze Enrollment for Children

	Original Request	JBC Action	Comeback Request
Total Funds	N/A	N/A	(\$5.2M) - (\$8.1M)
FTE	N/A	N/A	0.0
General Fund	N/A	N/A	(\$5.2M) - (\$8.1M)
Cash Fund	N/A	N/A	\$0
Reappropriated Funds	N/A	N/A	\$0
Federal Funds	N/A	N/A	\$0

Summary of JBC Action: The Committee did not take formal action regarding enrollment changes to the Cover all Coloradans program.

Summary of Comeback Request: OSPB respectfully requests that the JBC freeze enrollment for Cover All Coloradan children enrollees by September 1st, 2026, resulting in savings of at least \$5.2M GF.

Analysis:

The Department proposes to freeze enrollment for children in Cover All Coloradans while a smaller benefit option is developed that reduces per member costs by approximately 50%. Once the new benefit structure is approved and implemented then we would unfreeze enrollment for children. Those who would not have access through CAC would continue to be able to get Emergency Medicaid during the freeze.

The Department estimates this enrollment freeze for children would be implemented in two phases: 10 weeks to implement a freeze and then two months to clean up any remaining issues. One-time system costs to update CBMS are estimated at \$250k GF.

The General Fund savings resulting from freezing enrollment of children in the state’s CAC program is dependent on the attrition rate after the enrollment freeze is implemented. A conservative attrition rate of 210 children/month and 60 per month aging out would generate \$5.2M in General Fund savings, while a attrition rate of 400 children/month and 80 aging out would generate \$8.1M GF.

If the freeze is allowed to continue, the attrition and age out rate would create savings of \$17.2M GF in FY 2027-28.

Comeback #45: HCPF BA-07f Non-Emergent Medical Transport Rate Reduction

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	\$0	-\$34,102,568
FTE	0.0	0.0	0.0
General Fund	-\$3,096,211	-\$15,674,567	-\$10,182,884
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to adopt Staff recommendation to lower non-wheelchair NEMT pickup rate from \$36.40 to \$4.00, rather than to the Department-requested rate reduction to \$30.00 per pickup. Staff recommendation was based on an external analysis of maximum rates for large market taxi carriers, established by the Public Utilities Commission.

Summary of Comeback Request: OSPB respectfully requests that the JBC approve a rate of \$19.67 instead \$4.00 for non-wheelchair NEMT pickup and Taxi pickup.

Since 2022, NEMT rates have received two different targeted rate adjustments during the figure setting process.

The Department's requested comeback aligns the rate to what it **would have been without any targeted rate adjustments from June 30th, 2022 onward**, and instead received **only across the board rate adjustments (rate to \$19.67)**. This reflects a rate that would mitigate the growth that has been seen in recent years without creating a significant access to care risk.

The Department estimates this will result in a decrease of \$34.1M total funds including \$10.2M General Fund in FY 2026-27 growing to a reduction of \$37.2M TF including \$11.2M GF in FY 2027-28 ongoing.

Analysis:

The Staff recommendation to cut the non-wheelchair NEMT pickup fee from \$36.40 to \$4.00 is a reduction that is likely to disrupt the delivery system and threaten access to care especially outside the metro broker region, because it changes the economics of providing rides in ways that mileage alone cannot offset.

There are 5 reasons the Department has concerns dropping the pick-up rate to \$4.00.

1. The reduction is far beyond a “rate alignment” adjustment. A drop to \$4 is not comparable to the Department’s proposed reduction to \$30. It is an abrupt rate collapse that does not phase in, does not account for variation in trip types, and could force providers to stop serving Medicaid members because the fixed costs of dispatching a trip remain even when the trip is short.
2. Pickup fees cover real fixed costs that exist regardless of miles. Even when mileage reimbursement is unchanged, providers still incur costs for: dispatch/scheduling, driver arrival time, loading assistance, documentation, compliance/audit readiness, higher insurance requirements, driver vetting and training, and no-show time. Those fixed costs are most significant on short

trips, meaning the \$4 pickup fee will hit the most common, routine metro rides hardest and could lead to widespread non-acceptance of low-mile trips.

3. The taxi comparison isn't an apples-to-apples statewide benchmark. PUC taxi maximums apply to large-market taxi carriers in the 10 most populous counties, while Medicaid NEMT rates apply statewide, including rural areas with longer deadhead miles, fewer drivers, and limited alternative transportation. Using metro taxi ceilings to set a statewide Medicaid pickup fee risks underpaying rural service, where there is no comparable "proof" that PUC-level pricing sustains access.
4. Access risk is greatest exactly where the state has the least visibility. The state has performance metrics (wait times, on-time performance, no-shows) mainly for the nine-county broker region, but acknowledges it lacks similar measures outside that region. Implementing an 89% pickup cut statewide without comparable monitoring increases the risk of reduced service capacity, longer waits, and missed care.
5. Fraud control should be targeted, not primarily achieved through an extreme rate cut. The Department and JBC have already taken major cost-containment actions (including a substantial mileage-rate reduction and corrective actions tied to billing issues). If fraud is the primary concern, the strongest approach is targeted controls, screening, audits, prior authorization/edits, network management, and broker expansion, rather than setting a pickup fee so low that legitimate providers may exit along with bad actors.

Based on the commercial coverages (SERIF) of Aetna, Anthem, Cigna, First Health, Innovation Health Plan, Kaiser Foundation Health Plan, MagnaCare, and UnitedHealthcare, the Department's comeback proposal to bring the A0120 and A0100 down to \$19.67 would put the NEMT rate for A0120 at 101.55% compared to those commercial coverages. Serif Health collects and maintains price transparency data. This data is derived from publicly available payer-posted Machine-Readable Files (MRFs) in accordance with the federal Transparency in Coverage (TiC) Rule and related CMS guidance.

Comeback #46: HCPF R-06.14 Individual Residential Services & Supports

	Original Request	JBC Action	Comeback Request
Total Funds	-\$5,800,064	\$0	-\$5,800,064
FTE	0.0	0.0	0.0

	Original Request	JBC Action	Comeback Request
General Fund	-\$2,284,065	\$0	-\$2,284,065
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to deny the request, expressing concern that these members only receive IRSS services, this reduction reflects a significant change for families, this will drive 12 hour rotating staff wages to too low to sustain providers, that costs in and outside Denver are not aligned, and that the current cost structure is not representative of the costs.

Summary of Comeback Request: OSPB respectfully requests the JBC approved updating billing guidance for Individual residential services and supports starting July 1, 2026, as recommended by JBC Staff. This includes a reduction of \$5,800,064 total funds including \$2,284,065 General Fund in FY 2026-27 ongoing.

Analysis

OSPB and the Department would like to clarify several points raised during figure setting.

- 1. IRSS is not the only service available under the DD waiver:

IRSS is a residential habilitation service designed to ensure individuals have 24-hour access to support in a home setting, including supervision, skill development, and care coordination.

However, it is not the only service available to waiver participants. Members frequently access additional services, including:

Supported Employment (average approximately 4.5 hours per week), Day Habilitation (up to 6 hours per day, five days per week), Behavioral Supports (up to 322 hours annually), Non-Medical Transportation (up to 254 trips annually), Nursing, therapies, and community connection services

IRSS serves as the residential foundation while these additional services support employment, community integration, and clinical needs.

Without this residential model, many individuals would require institutional care or higher-cost crisis services.

2. IRSS is a bundled residential rate, not an hourly wage:

IRSS is paid as a daily residential habilitation rate to a provider agency, not as an hourly wage to a caregiver.

The per diem supports the entire residential service model, including:

- 24-hour access to staff, supervision and safety monitoring, training and compliance, backup staffing, and administrative infrastructure
- Dividing the per diem by 24 hours can create the misleading impression of a low hourly wage; however, staff are not providing continuous 24-hour labor.
- Provider agencies determine compensation structures and must comply with state and federal wage laws.
- Most host home and family caregiver residential models operate through independent contractor arrangements, which is a common structure within shared living residential habilitation services.

3. Caregiver compensation has increased substantially

Over the past five years, take-home compensation for host home and family caregivers has increased approximately 36 percent as a result of significant legislative investments in residential habilitation services. Under the shared living model, host home caregiver income is generally treated as tax-exempt under federal “difficulty of care” provisions, which further increases the effective value of the compensation.

4. Staffed homes and host homes operate under different cost structures

IRSS includes two fundamentally different service models.

Staffed homes operate with shift-based employees and higher operational and administrative overhead, while host home and family caregiver homes operate under a shared living model with lower infrastructure costs and different staffing patterns.

The Department used a deliberately conservative fiscal assumption that 25 percent of IRSS billing reflects staffed homes, despite anecdotal reporting that these homes are less common. Current billing shows approximately 50 percent of claims submitted at the higher rate. Clarifying billing expectations is anticipated to appropriately align roughly 25 percent of claims to the lower rate.

This approach cushions provider transition and avoids overstating savings while promoting billing integrity.

Additionally, there is no federally allowable Medicaid reimbursement methodology that permits higher payment based solely on a caregiver’s familial relationship to the member. Rates must be structured around the service being delivered rather than the relationship between the caregiver and the individual receiving services.

Comeback #47: HCPF R-06.36 IDD cost share

	Original Request	JBC Action	Comeback Request
Total Funds	-12,641,818	\$0	-12,641,818
FTE	0.0	0.0	0.0
General Fund	-6,320,909	\$0	-6,320,909
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	-6,320,909	\$0	-6,320,909

Summary of JBC Action: The Committee’s motion to approve staff recommendation failed 3-3. Several members of the JBC expressed concern about driving DD waiver members out of their residential settings.

Summary of Comeback Request: OSPB respectfully requests the JBC to align cost sharing requirements for the Developmental Disabilities waivers with other Medicaid waivers by applying Post-Eligibility Treatment of Income (PETI) for members enrolled in the DD waiver effective July 1, 2026. This comeback request includes a reduction of \$12,641,817 in total funds including \$6,320,908 in General Fund in FY 2026-27 growing to \$26,267,767 in total funds including \$13,133,883 in General Fund in FY 2027-28 ongoing.

Analysis

How will PETI for the DD waiver compare to other waivers?

The Department proposes implementing Post-Eligibility Treatment of Income (PETI) for individuals receiving residential services under the DD waiver. PETI is the standard

cost-sharing methodology used across Colorado's long-term care system to determine how much of a member's monthly income must be contributed toward the cost of residential services after protected deductions are applied.

This methodology is already used in multiple long-term services and supports programs, all of which serve individuals who meet an institutional level of care. While waivers serve different disability populations, the cost-sharing structure is applied consistently when the service model is comparable. Under this proposal, the DD waiver would follow the same PETI framework used in these other programs, aligning residential services under a consistent statewide methodology.

PETI applies only after Medicaid eligibility has been established and determines how much of a member's monthly income is available to contribute toward the cost of care after required protections are applied.

For example, If a member owns or rents their home, housing expenses such as rent or mortgage payments may be deducted in the PETI calculation. These deductions help ensure members retain sufficient income to maintain their housing and continue living independently.

Members living in a residential setting, however, retain the personal needs allowance and other allowable deductions. Income remaining after these protections would be applied toward the cost of residential services, with Medicaid continuing to cover the remaining service costs.

Members with very limited income would have little or no contribution.

Additionally, individuals enrolled in the Working Adults with Disabilities program would remain exempt in order to support workforce participation.

PETI was previously applied to the DD waiver until 2008. During recent stakeholder engagement, the Department learned that the primary reason PETI was removed at that time was not disagreement with the policy itself, but challenges with how the process was administered.

Since that time, the creation of the Office of Community Living and the consolidation of waiver oversight have significantly strengthened the Department's administrative infrastructure. Because the Department is now implementing PETI consistently across multiple programs, there is greater operational clarity and administrative efficiency.

As a result, the Department is confident that PETI can now be administered effectively and consistently for individuals enrolled in the DD waiver.

Why the Department is proposing alignment

Maintaining a separate cost-sharing structure for DD residential services creates an inconsistency in Colorado's long-term services and supports system in which individuals receiving similar residential services contribute differently based solely on waiver type.

Aligning the DD waiver with the existing PETI methodology: promotes fairness across disability populations, supports consistency across residential care models, strengthens long-term sustainability of the system, preserves access to residential services

This proposal does not create a new eligibility test or asset requirement. PETI applies only after Medicaid eligibility has already been established and determines how ongoing monthly income is shared toward the cost of care.

Comeback #48: HCPF DOJ Housing Voucher

	Original Request	JBC Action	Comeback Request
Total Funds	\$14,744,190	\$14,744,190	\$14,744,190
FTE	4.0	4.0	4.0
General Fund	-\$6,417,130	-\$6,417,130	-\$6,417,130
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	-\$8,327,060	-\$8,327,060	-\$8,327,060

Summary of JBC Action: The Committee approved Staff recommendation, including 3.0 FTE to be appropriated to the Department of Local Affairs, using a 50/50 GF/FF match.

Summary of Comeback Request: OSPB respectfully requests a technical comeback for this item, requesting that the 3.0 approved FTE be appropriated to the Department of Health Care Policy & Financing.

Analysis: In order to leverage a federal match for the 3.0 FTE, as approved by the committee, the requested FTE must be appropriated to the Department of Health

Care Policy & Financing. If the committee wishes to appropriate the FTE to the Department of Local Affairs, the positions will need to be fully funded with General Funds.

Comeback #49: HCPF NEMT/ABA Fraud, Waste, & Abuse Mitigation

	Original Request	JBC Action	Comeback Request
Total Funds	N/A	N/A	\$13,073,850
FTE	N/A	N/A	0.0
General Fund	N/A	N/A	\$6,536,925
Cash Fund	N/A	N/A	\$0
Reappropriated Funds	N/A	N/A	\$0
Federal Funds	N/A	N/A	\$6,536,925

Summary of JBC Action: The Committee requested that the Department provide information regarding HCPF’s actions to prevent fraud, waste, and abuse within ABA and NEMT services specifically.

Summary of Comeback Request: The Department has provided two options to increase its ability to investigate and recoup payments associated with instances of fraud, waste, and abuse. These include:

1. Lift the statutory extrapolation prohibition that impedes HCPF from auditing a small number of claims and leveraging those fundings to recoup payments over a larger time period
2. Increase funding to audit additional claims

Either of these options can be pursued independently, but approving both gives the Department the best ability to prevent future instances of overpayment.

The OIG findings have a 93% find rate for CO. Average estimated recovery is \$66 per claim. If we assume an extremely conservative 30% recovery rate for this requested investment of \$6.5M, we would expect to recover \$9.8M. A 60% recovery rate would mean \$19.6M. A 90% recovery rate would be \$29.2M.

Analysis

Over the last two years, the Department has identified unprecedented Medicaid expenditures identified as fraud, waste, and abuse (FWA), particularly with respect to Non-emergent Medical Transportation (NEMT) and pediatric behavioral therapy/applied behavioral analysis therapy (PBT/ABA) services.

The recently received HHS Office of the Inspector General audit for the period January 1, 2022 and December 31, 2023, noted \$77.8 million in overpayments to PBT/ABA providers by Colorado Medicaid, \$42 million of which OIG says is federal funds that the state owes back to CMS. Common findings included billing errors such as missing or incorrect documentation, excessive hours billed, and hours billed for staff without proper credentials or oversight. To increase efforts to recoup overpayments related to FWA, the Department offers two complementary options although either can be pursued independently.

Option A: Allow Extrapolation When Conducting FWA audits

Extrapolation refers to a statistical methodology used in audits to estimate total overpayments from a sampled set of claims, allowing for recovery of significant amounts for widespread billing errors without having to review each individual claim. Federal auditors use extrapolation (OIG, DOJ), as do many state Medicaid programs across the country (California, Connecticut, Florida, Indiana, Louisiana, Minnesota, Missouri, Montana, New Mexico, New York, Texas, Oklahoma, Tennessee, and Washington).

Currently, Colorado statute prohibits the use of extrapolation when conducting audits, therefore requiring the Department to review every individual claim from a provider to determine if it is accurate and proper. Providers can dispute and appeal audit findings at the individual claim level, which requires the Office of Administrative Courts (OAC) to hear cases based on each individual claim that has been appealed. In some cases, providers appeal hundreds of claims from a single audit. This has a significant impact on caseloads for both the Attorney General's Office and the OAC.

HCPF could achieve greater cost savings much more quickly while using fewer resources if the Department were allowed to use extrapolation in FWA reviews. Extrapolation also would allow HCPF to focus on identifying sustained, high error rates rather than just individual errors identified on a claim-by-claim review of data and documentation. Further, providers are still afforded their rights to request informal reconsideration and/or appeal the findings when extrapolation is used.

Use of extrapolation would allow the Department to conduct more effective audit reviews with less administrative burden, for both the Department and providers.

Option B: Allocate additional Resources for Pre- and Post-payment Review

The table below represents the resources currently dedicated towards addressing instances of FWA in just the two areas of PBT and NEMT to recover overpayments. For each service area, the table shows both prepayment reviews (conducted before a claim is paid, thus preventing improper payments from being made in the first place) and post payment reviews (conducted once a claim has been paid, and requiring time to gather additional documentation and information from providers).

Table 1. Resources Addressing FWA related to PBT and NEMT

Type of Review (Audit)	Average # of Total Claims Paid per Year	% of Total Claims Reviewed per Year	# Minutes per Claim for Review	# Hours to Complete Reviews	Total Work Hours per Year (1.0 FTE)	# of Required FTE to Complete Reviews per Year
NEMT						
Prepayment*	1,200,000	5%	10	10,000	2,080	4.8
Post-payment**	1,200,000	5%	20	20,000	2,080	9.6
PBT						
Prepayment	300,000	10%	15	7,500	2,080	3.6
Post-payment	300,000	20%	30	30,000	2,080	14.4

Even with recently approved FWA funding over the next two fiscal years, the Department has inadequate resources to review all claims for these providers necessary to maximize recoupment of overpayments.

To conduct a greater percentage of claim reviews, whether pre or post payment, HCPF will either need additional resources (contractor and/or FTE staff) or will require the ability to use sample extrapolation to review large volumes of claims quicker (requiring a change in CO law).

Comeback #50: HCPF CCBHC Demonstration Grant

	Original Request	JBC Action	Comeback Request
Total Funds	\$2,064,528	\$1,822,409	\$13,073,850
FTE	4.0	1.0	4.0
General Fund	-\$6,518,240	-\$6,701,127	-\$6,518,240
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$8,582,768	\$8,711,045	\$8,582,768

Summary of JBC Action: JBC approved 1 of the 4 requested term-limited FTE.

Summary of Comeback Request: The Department and OSPB respectfully request the Committee approve all 4.0 of the requested term-limited FTE.

Analysis: HCPF has been working with community partners, other state agencies, and national experts for a year as a part of the CCBHC Planning Grant, which informed this budget request. The demonstration grant, unlike a traditional grant, does not provide any resources for grant staff or administration. The program model assumes that the states will be able to use some of the increased reimbursement to dedicate multiple staff to the program.

No less than four temporary FTE are necessary for successful implementation of the CCBHC Demonstration. Each of these four positions operationalize distinct and federally mandated operational functions. Consolidating these responsibilities into a single position would create material compliance and fiscal risk. The work spans clinical policy alignment, federal reporting, PPS rate development and cost auditing, and advanced data analytics discrete technical skill sets that cannot be effectively combined within one role.

Not having the appropriate number of FTE will make the CCBHC Demonstration application less competitive, as it signals that Colorado is not adequately staffed to meet the administrative needs of the program. Federal technical assistance **suggests 5.0 FTE is what most states need to operate a CCBHC Demonstration**, which has resource needs similar to an 1115 Waiver.

As one JBC member pointed out “the demonstration may not be successful if the Department is not adequately resourced to fully invest in the demonstration.”

Department of Local Affairs

Comeback #51: Statutory Transfer from the Unclaimed Property Trust Fund to the Emergency Housing Voucher Program, \$2.2M

OSPB respectfully requests that the \$2.2M of the statutory one-time \$30M transfer pursuant to H.B. 19-1322 from the Unclaimed Property Trust Fund to DOLA be preserved to support Emergency Housing Vouchers (EHV). OSPB agrees with the Committee's prior decision to transfer the remaining \$27.2M to the General Fund for balancing purposes.

OSPB recommends this \$2.2M to support continuation of Emergency Housing Vouchers (EHV) through the end of FY 2026-27. The EHV's are generally federally funded housing vouchers, originally set to sunset in 2030. DOLA currently administers 400 EHV's which are allocated to some of the most vulnerable households, with 50% of the current distribution going to disabled individuals, 34% with children, and 24% with elderly individuals. A recent decision by the federal administration to discontinue the federal budget for this program after the current Federal Fiscal Year puts current EHV recipients at sudden risk of homelessness after DOLA's current funding is exhausted in October, 2026.

The requested \$2.2M will allow DOLA time for a ramp-off through the end of FY 2026-27. This is under the assumption that the federal government does not provide other program funds to serve EHV holders. If federal funds are in fact received up to the amount required to fund the current vouchers through the end of FY 2026-27, then this state funds will not be used by DOLA and instead will be returned to the General Fund. The state funds will only be utilized to fill any gap between the federal funding received and the amount required for the maintenance and managed ramp-off at the end of FY 2026-27 for the package of vouchers for which federal funding is not expected to be available after that time.

Congress has passed continued appropriation for another program (Tenant Protection Vouchers) that can be used for EHV holders despite the request from the federal administration to discontinue the program, but the federal agencies have not released an allocation formula yet. As a result, there continues to be uncertainty around this critical safety net support for some of the most vulnerable Coloradans.

Lieutenant Governor’s Office

Comeback #52: Governor’s Office BA-01 MTCF Balancing and Youth Mental Health Corps

	Original Request	JBC Action	Comeback Request
Total Funds	\$1,500,000	\$0	\$1,500,000
FTE	0.0	0.0	0.0
General Fund	\$0	\$0	\$0
Cash Fund	\$1,500,000	\$0	\$1,500,000
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee initially tabled a decision on this request, but requested additional information to understand more about the program and funding. Then on March 17 the Committee voted to deny the request due to concerns raised by OLLS that the Lieutenant Governor’s Office cannot provide direct support to the program.

Summary of Comeback Request: OSPB respectfully requests a comeback to provide \$1.5M from the MTCF for two fiscal years, offset by a commensurate reduction in the CDE Early Literacy program MTCF line item, and for a legislative orbital bill, to ensure the Lieutenant Governor’s Office may provide direct support to Serve Colorado, including for the Youth Mental Health Corps (YMHC). We will also continue exploring other permissible funding options that use MTCF, but do not require legislation. The Lieutenant Governor’s Office is also providing additional information about the program, as requested by JBC members.

Analysis: In direct response to S.B.22-181, Serve Colorado launched the YMHC pilot program in 2024 in collaboration with the Behavioral Health Administration (BHA) and Colorado Community College System (CCCS), as a statewide public-private partnership to address Colorado’s escalating youth mental health crisis and severe behavioral health workforce shortage. S.B. 22-181 called for expanding and diversifying the behavioral health workforce, creating paid training pathways, strengthening

partnerships with community colleges, recruiting from shortage areas, and growing the peer support profession. YMHC operationalizes these directives through a coordinated service-to-career model. While the program transitions from a successful pilot to a more enduring program, the MTCF is vital to provide short term funding over the next two years to maintain the program while sustainable funding models are developed.

While JBC Staff initially recommended approval, the Committee tabled the decision until the broader MTCF conversation. However, the Committee later denied the request based on consultation with the Office of Legislative Services (OLLS). According to OLLS, under current law (Section 24-20-503, C.R.S.), the Commission on Community Service is not permitted to spend state money on AmeriCorps support directly. To ensure compliance, OSPB also requests an orbital legislative bill to explicitly allow the Lieutenant Governor's Office and Serve Colorado to directly support AmeriCorps programs within Serve Colorado, including YMHC. Based on the Legislative Declaration in H.B. 18-1324, we believe it was the General Assembly's intention to allow state funding, but understand OLLS's interpretation - *The commission, now called the governor's commission on community service and popularly known as "Serve Colorado", administers funds received from the corporation for national and community service, state funds allocated to the commission, and any other funds received or donated for the purpose of fostering community service, volunteerism, mentoring, and literacy in the state.*

Alternatively, OSPB will continue to explore other funding options using MTCF, that would not require legislation, such as through an IA with BHA.

Additional information is provided below in response to JBC member questions.

"What was the original source of funding? Was it General Funded? The request says something about foundation money, what is that and how much?"

The Youth Mental Health Corps is a collaborative pilot program launched by Serve Colorado, the Behavioral Health Administration (BHA), and the Colorado Community College System (CCCS). The funding for the two year pilot included: \$14M of federal AmeriCorps funding administered through Serve Colorado, \$500,000 from the Schultz Family Foundation and Pinterest, and \$1.6M in ARPA SLRF funding through an Interagency Agreement with the Behavioral Health Administration (BHA). The philanthropic and stimulus funding provides a portion of the federally required 24%-30% in match dollars to the federal AmeriCorps funding and covers the additional expenses of education, training, credentialing through the community colleges, and supervision. Additionally, the philanthropic and BHA investment supported the

development of significant programmatic infrastructure that could be lost with a gap in funding. This infrastructure includes partnerships between AmeriCorps grantees with school districts, education and credentialing partnerships with community colleges, participant recruiting pipelines, and new partnerships with potential employers.

"How does this program currently work?"

Serve Colorado launched the Youth Mental Health Corps (YMHC) as a direct result of S.B. 22-181, aimed at providing critical mental health support to youth while growing and diversifying the behavioral health care workforce. The Youth Mental Health Corps is rooted in a transformative idea: AmeriCorps can be more than a service model - it can be a workforce development engine. Traditionally, AmeriCorps has focused on volunteerism and community service. Serve Colorado is reimagining that approach by aligning service with skill-building, credentialing, and career pathways that directly meet Colorado's workforce needs while addressing community needs.

By engaging young adults as near-peer mentors and navigators in schools, the YMHC expands early intervention capacity, reaching youth before crisis, while simultaneously building a skilled, credentialed behavioral health workforce which represents the communities in which they serve. YMHC navigators provide individualized support to students within schools and refer them to additional mental health services, like I Matter and the 988 crisis hotline. YMHC support also allows other behavioral health professionals to serve the full extent of their licensure and training. The result is a positive cycle: service creates access, access builds experience, and experience feeds a growing, sustainable workforce ready to meet Colorado's mental health needs. Youth Mental Health Corps members are enrolled and earn an entry-level, stackable behavioral health micro-credential during their term of service. Members earn an AmeriCorps Education Award to continue their credentialing pathway or accept entry-level employment as a Qualified Behavioral Health Assistant.

"Why isn't this program (and funds) in BHA?"

Under Section 24-20-501, C.R.S., AmeriCorps programs are based out of Serve Colorado located in the Office of the Lt. Governor, who is the recipient and manager of federal AmeriCorps funding. The program was built in collaboration with the BHA and Colorado Community College System (CCCS) to provide an earn and learn, entry-level workforce pipeline based on decades of relationships that AmeriCorps programs have with local school districts.

"How did Serve choose to reduce Early Childhood Literacy Funds?"

Colorado began funding the Early Literacy program out of MTCF beginning in FY 2017-18. However, due to the built up excess in the Early Literacy Fund and past MTCF balancing challenges, MTCF has not contributed to the fund since FY 2022-23. The submitted Governor's budget on November 1, 2025 proposed to restore the Early Literacy to full funding levels from the MTCF as they were in FY 2022-23. A \$1.5 million reduction in the November 1st proposed funding levels would still leave a substantial \$3,878,678 in funding being sent to Early Literacy from the MTCF. The Governor's Office believes this amount of funding, combined with the State Education Fund and the existing Early Literacy fund balance, will be able to cover the funds obligations in upcoming years. This reduction in funding would only apply to FY 2026-27 and FY 2027-28, before returning to the full \$5.4 million appropriation to ensure long term sustainability of the program.

The \$1.5 million of MTCF dollars would be shifted from Early Literacy to the Youth Mental Health Corps (YMHC) in a net zero realignment of the fund. This will ensure both programs have funding to continue their programming. This proposal seeks \$1.5 million annually for two fiscal years to maintain and expand the Youth Mental Health Corps while building the infrastructure needed to transition from pilot to permanence and seek sustainable funding. This investment will be braided with approximately \$7 million in federal AmeriCorps funds, maximizing every dollar to accelerate workforce development and mental health access statewide. All AmeriCorps grants require between a 24% - 30% match. The Colorado Youth Mental Health Corps will receive this funding for two fiscal years to draw down federal dollars and appropriate these dollars for programming that the federal dollars cannot fully cover such as cost of living and credentialing.

Office of Economic Development and International Trade

Comeback #53: OEDIT Skills Advance Comeback, CDHE Line Item Detail - E

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	\$4,500,000	\$1,456,499
FTE	0.0	0.0	0.0
General Fund	\$0	\$4,500,000	\$1,456,499
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee voted to approve continuing the appropriation for Colorado First Customized Job Training (Skills Advance) at the amount of \$4.5M during CDHE Figure Setting. The Committee voted to approve in order to continue funds transferred from the Governor’s Office for community colleges to provide training to employees of new companies or expanding firms.

Summary of Comeback Request: OSPB respectfully requests a comeback to this item. In FY 2025-26, the Office of Economic Development and International Trade presented a balancing reduction item through OEDIT R-05 Reductions to Skill Advance Appropriation, which reduced the Skills Advance program’s appropriation by \$3.0M for FY25-26 and would reduce by \$3.0M again in FY 2026-27. OSPB respectfully requests to continue this reduction for FY 2026-27, saving \$3.0M in the General Fund. The reduction for FY 2025-26 was reflected in S.B. 25-206.

Analysis

This comeback is to correct for the reduced appropriation to the OEDIT and Colorado Community Colleges (CCCs) First Customized Job Training program. This correction keeps \$3.0M within the General Fund for balancing proposed in FY 2025-26.

Comeback #54: OEDIT (CDEC) SI-16 Workforce Development Contract Reduction

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	-\$187,800	\$0
FTE	0.0	0.0	0.0
General Fund	\$0	-\$187,800	\$0
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee approved a Staff-initiated item to eliminate \$0.2M General Fund within the Department of Early Childhood (CDEC) that funds workforce development contracts operated by the Office of Economic Development and International Trade (OEDIT) through an interagency agreement.

Summary of Comeback Request: OSPB respectfully requests that the Committee restore funding for the workforce development contracts but include the funding within OEDIT’s Long Bill rather than CDEC’s, within the Small Business Development Centers (SBDC) line. This would increase SBDC’s annual General Fund appropriation from \$0.5M, to \$0.7M.

Analysis

This is an active program with associated FTE that contributes to increasing the supply of childcare both for affordability and accessibility. This low-cost program provides the critical financial and operational expertise needed to translate regulatory compliance into a sustainable, cash-flow-positive business. A reduction to this program would result in the loss of one FTE, and fully eliminate the technical assistance program.

Additionally, this program receives 1:1 federal match from the federal Small Business Association. As Colorado Small Business Development Centers are currently unsure if they will receive new federal funding, which accounts for the majority of the office’s funding, General Fund dollars for existing match fund programs are essential for the program and office’s continuation.

OSPB recommends that these dollars be diverted to OEDIT directly to be held within the Colorado Small Business Development Centers, to continue funding the existing program.

Office of Information Technology

Comeback #55: OIT R-02 Statewide Innovation Enablement

	Original Request	JBC Action	Comeback Request
Total Funds	\$0	\$0	\$0
FTE	2.8	0.0	2.8
General Fund	\$0	\$0	\$0
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$462,930	\$0	\$462,930
Federal Funds	\$0	\$0	\$0

Summary of JBC Action: The Committee denied OIT R-02 Statewide Innovation Enablement (FY 2026-27) based on JBC Staff recommendation. JBC Staff recommendation to deny this funding request was due to state budget balancing constraints, with the requested increase not linked to a statutorily required function. Additionally, JBC Staff believed the requested technical experts could be hired within existing OIT resources.

Summary of Comeback Request: OSPB respectfully requests that the JBC reconsider approval as originally requested: \$0.5M in RF and 2.8 FTE (with any additional funding requirements to be covered by existing grant-funded Colorado Digital Service (CDS) engagements and/or CDS engagements funded through IAs with state agencies). This request was more than completely offset by two reduction requests R-05 (-\$5.6M) and R-06 (-\$2.6M) submitted by OIT. Both reduction requests were approved by the JBC.

Analysis:

Program Objective

This investment would fund a dedicated team for statewide AI innovation, focused on applying product management and human-centered design best practices to potential AI use cases and supporting the assessment, piloting, and ultimate implementation of those use cases statewide.

If the legislature is unable to fund this request, the State risks wasting taxpayer dollars on vendor-driven, duplicative procurement rather than building the sustainable internal capacity and shared infrastructure necessary to actually lower enterprise costs.

Relevant outcomes

While the proposal does not pre-select specific future applications, this is an intentional design to prevent funding "AI for AI's sake" and instead deploy a team that rigorously evaluates and implements at least two high-value GenAI use cases per year that solve real problems. We have already demonstrated the clear value of such cases, such as:

- **CDLE's AI virtual assistant** helped reduce the percentage of callers asking for an agent from 80% to 55%, while UI's call center wait time decreased over 50% from a peak of 36:43 to 14:15 in just 6 months
- **HCPF's Box.AI** reduced manual review time for hospital audits by over 50%, saving auditors an estimated 3-4 hours per week each, allowing staff to focus more on increasing audit accuracy and quality

The implementation of these two GenAI uses that would otherwise not have been identified or would have been otherwise not implemented using modern product and technology management practices.

All agencies would have access to:

- AI-focused content in the product management community of practice and call center community of practice.
- Curated educational materials and case studies on how AI can best be implemented to help them and their constituents.
- Technical assistance to evaluate potential AI-focused use cases not just for risk but also for function and experience

This dedicated team is essential to ensure state systems adhere to new legal standards, systematically vetting AI solutions to provide the required algorithmic fairness checks, centralized oversight, and protections against algorithmic discrimination mandated by the statute.

Data Driven Evidence

Research from the Niskanen Center demonstrates that the product operating model enables continuous, user-centered delivery through iterative development, with persistent cross-functional teams measuring success through outcomes rather than project completion.

The Department of Justice Civil Rights Division also saw an overall uptick in morale with teams working collectively rather than in individual sections through coaching on product management, with the agency tech leaders learning to apply outcome-driven thinking across all work beyond just product development.

Since Colorado adopted these modern practices—first through the Colorado Digital Service and more recently through embedded agency teams—State agencies have achieved significant results:

- CDEC: Build an intuitive application portal for families and providers that made it possible to enroll almost 70% of Colorado families in Universal Preschool, while also building a product and user-centered culture at CDEC.
- HCPF and CDHS: Improve product satisfaction in our Combined Benefits Management System. This effort is led by the product team to improve CBMS system performance and reliability, make workflows more efficient, and ultimately improve user satisfaction, which has already yielded gains - 68.2% of county workers feel CBMS is always or often working for them, which is trending up from 62.5% a year ago. They're also working simultaneously to reduce post-release defects and major incident hours as well.
- BHA: 100% of product feature launches were backed with real user testing and validation that informed their product roadmap, ensuring the needs of BHA customers (not simply policy requirements) were met for OwnPath, LADDERS (the BHA licensing platform), and the grievance and complaint reporting.

These successes demonstrate that combining technical capabilities with strategic oversight and human-centered design delivers better outcomes for Coloradans. With dedicated expertise focused on AI innovation, we can replicate and accelerate these wins across every agency, transforming how the State serves its residents.

Comeback #56: OIT R-07 Payments to OIT Common Policy

	Original Request	JBC Action	Comeback Request
Total Funds	\$10,825,419	-\$32,147,489	-\$11,309,527
FTE	0.0	0.0	0.0
General Fund	*\$1,000,000	*-\$17,356,497	*-\$8,027,119
Cash Fund	\$0	\$0	\$0
Reappropriated Funds	\$10,825,419	-\$32,147,489	-\$11,309,527
Federal Funds	\$0	\$0	\$0

*GF impacts in departments

Summary of JBC Action: The Committee approved JBC Staff recommendation to reduce OIT R-07 OIT Common Policy by \$32 million in total funds compared to the original request. JBC Staff recommendation to reduce this funding request under the belief that IT is an area that agencies can constrain spending, recent reversion analysis, and a desire to reduce the IT Revolving Fund’s balance. Increases in the request were compared to amounts in the supplemental bills which were reduced using a one-time adjustment to the IT Revolving Fund’s balance.

Summary of Comeback Request: OSPB respectfully requests that the JBC reconsider its decision to reduce 15 departments’ Payments to OIT lines. OSPB respectfully requests that 12 departments have their reductions reversed or reduced by less than what was approved. Accepting these adjustments will still reduce Payments to OIT by \$11.37M TF and \$8.0M GF compared to the original request.

Table 1. Requested Adjustments to JBC Reductions to Payments to OIT Lines

Department	JBC Action TF Reduction	JBC Action GF Reduction		Comeback TF Reduction	Comeback GF Reduction
Agriculture	-\$284,615	-\$284,615		-\$90,241	-\$90,241
Corrections	-\$3,388,210	-\$3,388,210		\$0	\$0
Early Childhood	-\$3,000,000	-\$3,000,000		-\$2,000,000	-\$2,000,000
Governor	-\$243,629	-\$243,629		\$0	\$0
Health Care Policy	-\$6,500,000	-\$3,000,000		-\$4,000,000	-\$2,000,000

Department	JBC Action TF Reduction	JBC Action GF Reduction		Comeback TF Reduction	Comeback GF Reduction
and Finance					
Higher Education	-\$274,304	-\$32,923		-\$274,304	-\$32,923
Labor and Employment	-\$3,000,000	-\$1,000,000		-\$1,744,982	-\$1,000,000
Local Affairs	-\$415,000	\$0		\$0	\$0
Natural Resources	-\$3,341,767	-\$229,238		\$0	\$0
Personnel and Administration	-\$149,645	-\$397,369		\$0	\$0
Public Health and Environment	-\$6,000,000	-\$2,500,000		\$0	-\$403,955
Public Safety	-\$2,000,000	-\$2,000,000		-\$2,000,000	-\$2,000,000
Regulatory Agencies	-\$1,000,000	\$0		-\$200,000	\$0
Revenue	-\$2,500,000	-\$1,250,000		-\$1,000,000	-\$500,000
Treasury	-\$50,319	-\$30,513		\$0	\$0
Total	-\$32,147,489	-\$17,356,497		-\$11,309,527	-\$8,027,119

Analysis:

The supplemental action to spend down the IT Revolving Fund’s balance and reduce departments’ appropriations creates an artificially low ending amount for Payment to OIT lines in departments. This one-time reduction causes the FY 2026-27 increases to seem much larger than they actually are. Several departments' operations would be materially impacted by the JBC approved reduction. Below is a brief overview of each department’s comeback amount and the consequences if the full reduction happens.

Agriculture: The Department requests a reduction of \$90,241 in GF instead of \$284,615. This will allow them to cover increases caused by rate changes and costs outside of their control. The full reduction could cause stability issues for various program systems.

Corrections: The Department requests no reduction to the Payments to OIT line. Please see Corrections Comeback #2 above for more information.

Early Childhood: The Department requests that their Payments to OIT line is only reduced by \$2.0M GF. The additional \$1.0M reduction will have impacts on the

Department's ability to make progress towards the sustainability of IT systems. Prior year reversions are due to a combination of ongoing changes to information technology needs during implementation, resulting in fluctuations in OIT RTB utilization from original estimates, as well as temporary funding for IT Capital builds prioritized as the Department was standing up multiple new IT systems and making associated improvements to these systems. As these funds have rolled off, strategies have shifted from build to sustainability of operations, maintenance, and enhancements to systems, which will increase expenditures in the Payments to OIT line item(s).

Governor's Office: The Department requests no reduction to the Payments to OIT line. It would cause critical IT infrastructure costs to be passed along to programs, thereby reducing the funds available for public programming. The increases in the office are not due to utilization increases. The increases are from rate changes and changes in the metrics OIT uses to bill for services. The Governor's Office has already shifted FY 2026-27 costs to programs to keep increases as low as possible without impacting programs.

Health Care Policy and Finance: The Department requests that the Payments to OIT line is only reduced by \$4.0M including \$2M GF. The full reduction would impact operations at HCPF's call center and deskside support. HCPF also utilizes OIT for project management support. That assistance would likely be cut and the Medicaid projects they are supporting would likely be impacted which could have a direct impact on the members.

Labor and Employment: The Department requests that the Payments to OIT line is only reduced by \$1.7M including \$1.0M GF. A larger decrease would impact FAML and Workers' Compensation operations.

Local Affairs: The Department requests no reduction of the non-General Fund spending authority in the Payments to OIT line. The FY 2026-27 increase is reflective of OIT rates and service increases and fixed allocation escalations that DOLA could not control. In order to reach a \$415k reduction DOLA would have to significantly reduce operations and maintenance budgets. This would impact program operations such as the Mobile Home Park Complaints and Registrations, Individual Residential Services and Supports, and our Local Government Information System. Additional reductions would result in increased IT security vulnerabilities, detrimental program operational impacts and DOLA's ability to meet statutory requirements.

Natural Resources: The Department requests no reduction to the Payments to OIT line. The increases in DNR's budget are not due to utilization increases, but are from

rate changes and changes in the metrics OIT uses to bill for services. OIT supports DNR's critical public facing applications and databases used for regulatory support, public safety, health, and the environment. The proposed cut will result in a loss of critical system maintenance and support to DNR's information systems, including those used for decision making in pressing water issues and regulation of oil & gas development and production.

Personnel & Administration: The Department requests no reduction to the Payments to OIT line. DPA is the owner of significant statewide systems—specifically DHR and OSC for payroll, timekeeping, and HR—these programs are supported by the General Fund and lack cash funds for support. This reduction would reduce support for these critical systems. DPA has worked with OIT over the last year and a half to get a more accurate request with Real-time Billing. Additionally, the most recent large reversion was caused by an OIT one-time adjustment to billing.

Public Health and Environment: The Department requests a 5% cut to GF (\$0.4M) and an equivalent increase in RF. The approved reduction would cause severe cuts that would lead to operational issues and leave legacy systems and security issues unaddressed. Additionally, these impacts would worsen service delivery to Coloradoans. The Department has been implementing a "Divisional Accountability Model," by directly billing cash funds and divisions for the billable services they directly incur with OIT. This has resulted in a dramatic shift of appropriations from RF (indirect costs) to CF (direct) expenditures which can explain some of the reversions shown as the model is being implemented.

Regulatory Agencies: The Department requests for only a reduction of \$0.2M CF instead of the \$1.0M. The Department was forced to temporarily delay initiatives last year that led to the large reversions, due to contractor constraints. Those roadblocks are no longer present. Additionally, the Department anticipates needing at least \$800,000 to cover the costs associated with various PUC projects.

Revenue: The Department requests that the Payments to OIT line is only reduced by \$1.0M TF including \$0.5M GF. A larger reduction puts the work being done on DMV DRIVES and the Tax GenTax system in jeopardy.

Treasury: The Department requests no reduction to the Payments to OIT line. The Department worked with OIT to align their services with active FTE, which had been understated in the last several years. The requested amount directly correlates with headcount at Treasury. This adjustment to actual FTE is what has driven the large increase in Payments to OIT in recent years.

Comeback #57: OIT R-01 Statewide SB24-205 AI Compliance

	Original Request	JBC Action	*Comeback Request
Total Funds	\$5,234,764	\$0	\$3,492,324
FTE	33.8	0.0	21.8
General Fund	\$3,421,262	\$0	\$1,812,582
Cash Fund	\$466,613	\$0	\$332,853
Reappropriated Funds	\$1,073,503	\$0	\$1,073,503
Federal Funds	\$273,386	\$0	\$273,386

*Removes the independent elected offices and Judicial

Summary of JBC Action: The Committee voted to deny the request. JBC Staff and members flagged that there are not clear and concrete costs yet from the bill. Additionally, they discussed the divergent interpretations of S.B. 24-205 requirements between the Legislative Branch (more narrow) and the Executive Branch (more expansive).

Summary of Comeback Request: OSPB respectfully requests that the JBC reconsider its decision to fund the resources required to comply with S.B. 24-205. These costs were developed based upon OIT and agency discussions on what was needed to evaluate and disclose AI systems at agencies with OIT performing the risk assessment. This comeback removes the independent elected officials and Judicial from the request.

Analysis:

While OSPB hopes that the AI taskforce recommendations will lead to adjustments that reduce these resource requirements, at this time this request is what is needed to comply with the law as written. Departments and OSPB continue to view the requirements under S.B. 24-205 as being expansive, impacting more systems and processes in the state. Under this request OIT would serve as the primary authority for technical oversight, taking responsibility for executing impact assessments, providing the risk management framework, establishing guidance and education on overall responsibilities and mechanics and performing the initial audit of systems.

Agencies would be responsible for their own disclosures, appeals and data adjustment processes and supporting OIT's activities in the impact assessment space.

If the request is denied and there are no adjustments to statute from the AI taskforce recommendations, the Executive will need resources to comply with the bill, and we will plan on putting forward supplemental requests to address them.

Statewide Comebacks

Comeback #58: Statewide Staff Initiated Refinances from GF to CF and RF (informational)

Summary of JBC Action: This is an informational comeback on numerous Committee actions that OSPB views as deferring General Fund impacts, rather than saving General Fund.

Summary of Comeback Request: This comeback highlights requests in CDA, DORA, and CDPS that will reduce General Fund in FY 2026-27 but increase it in the following 1-3 years. OSPB is not formally requesting that the Committee reverse their vote on these requests, but seeks to draw the Committee's attention to the future General Fund burdens that will result from these requests. OSPB expects to make requests in future years to address these reductions.

Analysis

The requests addressed in this comeback fall into two categories: use of the Indirect Cost Excess Recovery fund to supplant General Fund and elimination or reduction of General Fund appropriations in favor of spending down cash fund balances.

Indirect Cost Excess Recovery

The Indirect Cost Excess Recovery Fund is a statewide cash fund (with separate accounts for each principal department) that collects cash, reappropriated, and federal funds. State agencies run indirect cost recovery plans so that they can bill cash and federal sources for their portion of overhead and/or administrative expense that is paid by the General Fund. These plans are based on estimated costs and volumes in future years, so there is estimation error that sometimes causes over- or under-collection of the estimated revenue.

When state agencies over-collect this revenue, these funds are deposited into the indirect cost excess recovery fund. When state agencies under-collect this revenue, they can draw from their balance of the Indirect Cost Excess Recovery Fund to make up the difference, which avoids the need to use General Fund instead. (This mechanism was created by a JBC bill, S.B. 13-109, in order to avoid the need for annual appropriation adjustments.)

The federal government reconciles indirect cost plans with state agencies. If the feds find, during that reconciliation, that they have overpaid for indirects in previous years, they will set the federal participation in the indirects plan lower than the true

need in the next year, thus forcing the state agency to use the Indirect Cost Excess Recovery Fund to pay the feds back.

In other words, dollars in the Indirect Cost Excess Recovery fund are likely owed to the federal and cash sources in future years to balance out over-collection in previous years. When those bills come due, if there are not adequate funds in the Indirect Cost Excess Recovery fund, they will need to be paid with General Fund.

Use of Cash Fund Balances to Replace General Fund Appropriations

The second category of committee action that OSPB considers to be deferring General Fund impacts is the temporary reduction or elimination of General Fund appropriations to be paid down with cash fund balances, but not ongoing cash fund revenue.

OSPB considers these to be distinct from General Fund reductions because the discussion of the request did not address the merits of the programs and whether or not they were worth funding, but rather an opportunity to spend down a cash fund balance to save General Fund. Crucially, these cash funds lack the annual revenue to support the program ongoing; they have developed a fund balance over recent years.

It is the opinion of OSPB that, in these cases, it is more fiscally responsible to treat these cash fund balances as one-time credits to the budget, rather than as a limited multi-year General Fund relief. The simple logic is that a cash fund balance is a stock, not a flow, and treating it as ongoing General Fund relief uses it as a flow.

The actions that fall into this category are expected to result in General Fund requests in the next three years to restore the appropriation to the FY 2025-26 level. These are not ongoing savings, but rather temporary relief resulting in a fiscal cliff for a future JBC.

Committee Actions

The following Committee actions are those that OSPB considers to be deferrals, rather than savings.

- **CDPS SI-11 Technical Fund Sources Adjustments:** The Committee voted to approve the Staff-initiated request, which included a refinance of \$721,770 in the Worker's Compensation line from General Fund to Indirect Cost Excess Recovery Fund or Department indirect cost recoveries. The Department requested General Fund for this line due to the significant increase in costs for FY 2026-27. Indirect Cost Excess Recovery Fund would require a General Fund

backfill for indirect costs in the next 1-2 years, and internal Department indirect cost recoveries are made up primarily of HUTF, which is expected to be at its 6% cap for FY 2026-27. Therefore, this action is not expected to save General Fund, only to defer the impact to the near future.

- **CDPS R-08 GF Reduction from Fire Investigation Administration:** The Committee voted to approve the staff recommendation, which would reduce the General Fund appropriation to the Fire Investigation Cash Fund by \$685,727 ongoing, with the expectation that the Department can spend down its fund balance of roughly \$1.5M over the next three years. This was framed as “ongoing General Fund relief rather than one-time enhancement,” but given the lack of discussion about the actual programmatic merits, this request merely defers the General Fund impact to a future committee, making it a middle ground between ongoing relief and a one-time enhancement (perhaps a “three-time enhancement”). OSPB believes the fiscally prudent option in this case is a one-time sweep of \$1.5M to the General Fund. If the current action stands, OSPB anticipates a future request to restore the General Fund appropriation to its FY 2025-26 level, and that request will be a \$0.7M increase over the base budget in that year.
- **CDPS SI-12 Elimination of GF Appropriation to Witness Protection Fund:** The Committee voted to approve the Staff-initiated request, which eliminated a \$50,000 General Fund appropriation to the Witness Protection Fund with the expectation that the program spend out of a \$200,000 fund balance for the next 2-3 years, then come back to the Committee to have the appropriation restored once the fund balance is depleted. In line with the logic laid out in the previous request discussed in this comeback, OSPB believes it is more fiscally prudent to make a one-time sweep of \$175,000 to the General Fund. If the current action stands, OSPB anticipates a future request to restore the General Fund appropriation to its FY 2025-26 level.
- **DORA SI-01 One-time Refinance of GF in the EDO:** The Committee voted to approve a staff initiated request, which refinanced \$306,543 General Fund within the Executive Director’s Office with the Indirect Cost Excess Recovery Fund. Notably, a similar refinance happened in DORA’s prior year figure setting, which eventually will also need to be restored with General Fund when the Indirect Cost Excess Recovery Fund can no longer support the refinances.
- **CDA SI-02 Use Indirect Cost Excess Fund Balance:** The Committee voted to approve a staff initiated request refinancing \$390,000 of personal services expenditures from the General Fund to the Indirect Cost Excess Recovery Fund

for one year. Besides the GF impact in FY 2027-28 of annualizing these costs back into the GF, using the Indirect Cost Excess Recovery Fund will require a General Fund backfill for indirect costs.

Appendices

Appendix A: Compliance with the Consent Decree

March 17, 2026

The Honorable Representative Emily Sirota
Chair, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Chair Sirota and Members of the Colorado Joint Budget Committee:

As you are aware, Colorado is at a critical juncture for its criminal justice and behavioral health system. We appreciate the comments on March 5, 2026, approving a legislative placeholder \$13.22 million for FY 2026-27 to address the permanently incompetent to proceed (PITP) population, as well as \$10 million held for placements to address competency more broadly. This crucial funding will improve services for the PITP population, protect public safety, and contribute to compliance with the consent decree described below. The PITP population refers to those individuals in the competency system that a court has found are not able to be restored.

In 2011, Disability Law Colorado (DLC) sued the Colorado Department of Human Services (CDHS) in federal district court alleging that the length of time defendants wait to receive competency evaluations to determine if they are incompetent to proceed, as well as treatment needed to restore them to competency violated those individuals' constitutional rights. That lawsuit culminated with the entry of a consent decree against CDHS in 2019.

The consent decree requires CDHS to provide these services for individuals on the "waitlist" within certain time frames. If the agency does not comply with these time frames, it is subject to substantial monetary penalties. Despite significant progress toward meeting the time frames contained in the consent decree, and ongoing partnership with both the legislature and Joint Budget Committee to meet the state's obligations, the state has paid approximately \$55 million in total

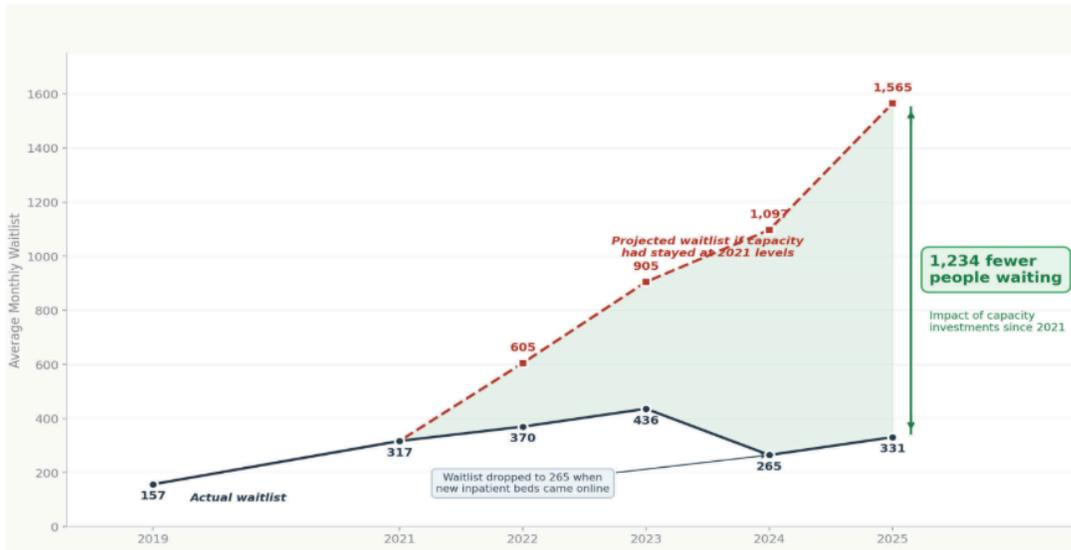
penalties for exceeding the time frames since 2020. This amount reflects a cap on the annual penalties.

Progress towards Compliance with the Consent Decree

Since entering into the consent decree, CDHS has implemented the following actions:

- Added and staffed 300 new forensic beds with funds from the FY 18-20, FY 20-21, FY23-24, FY 24-25 budgets and H.B. 22-1386;
- Completed a total of 36,245 competency evaluations, admitted 5,000 individuals into inpatient restoration services and served 5,408 individuals in the outpatient restoration program since the consent decree was entered.
- Endeavored to meet the demands of jail based evaluations, which increased by 83% since 2019, and has increased inpatient admissions by 28% with added inpatient capacity.
- Significantly expanded outpatient restoration services capacity, almost tripling with 190% growth (from 373 in 2019 to 1,082 in 2025). The combination of inpatient and outpatient treatment admissions nearly doubled (an 87% increase, from 1,015 in 2019 to 1,902 in 2025).
- Created the nation's largest outpatient restoration program, as a set forth in S.B. 17-012, which has grown each year and serves over 1,000 individuals annually;
- As set part of HB22-1303, created and implemented the Mental Health Transitional Living program, which created 164 beds to step individuals down from hospitals or jails;
- Supported legislative changes to limit defendants with misdemeanor charges from admission to inpatient restoration programming, civil commitment pathways for individuals who are found incompetent to proceed, and the creation of competency dockets; and
- Complied with all reporting and program creation requirements from the consent decree, including establishing the Forensic Support Team, making changes to competency evaluations, and maintaining the number of civil and juvenile beds.

Figure 1. Without this state investment, the waitlist would be five times larger.
 (Graph from February 28, 2026 Special Masters Quarterly Report)



With these efforts, the state made significant progress toward reducing the waitlist. Unfortunately, the waitlist has increased despite these efforts, mostly because the number of individuals referred to CDHS for competency evaluation or restoration services by the Judicial branch has *doubled* since 2019.

Figure 2. The state inpatient admissions have increased by 28%, but inpatient restoration orders increased by 126% and evaluation orders increased by 83%.
 (Graph from February 28, 2026 Special Masters Quarterly Report)

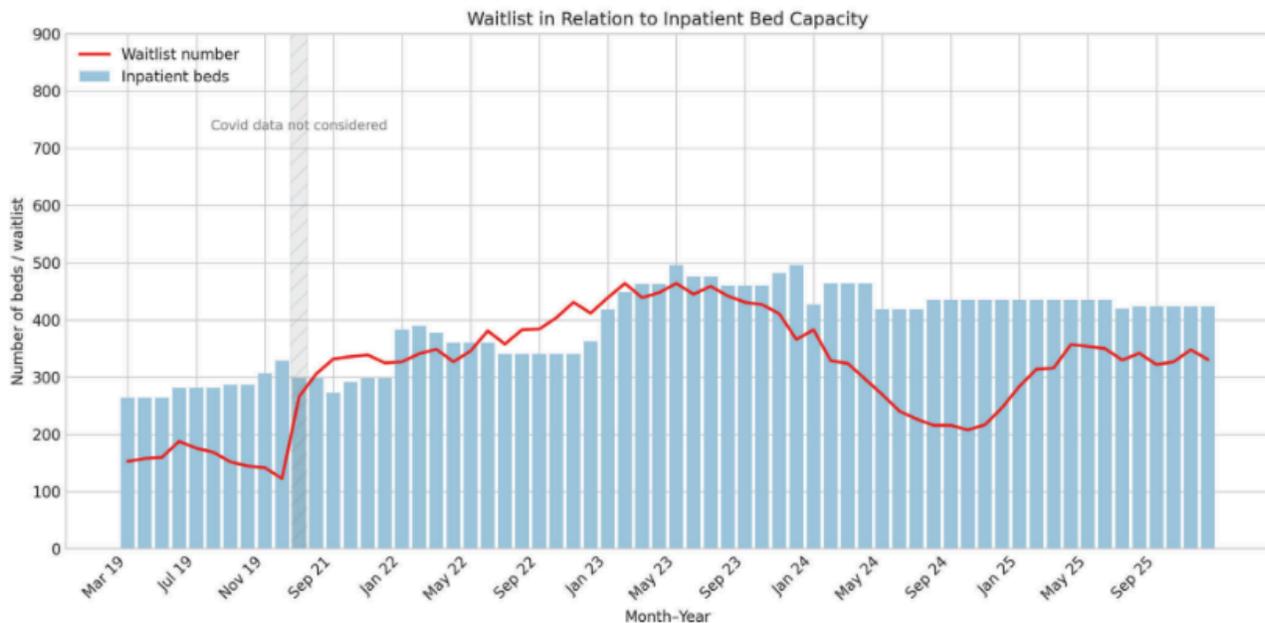


Current Status of Consent Decree

On December 15, 2025, DLC sent a letter to the Special Master and the Department alleging the Department had materially violated the consent decree. The Special Master then forwarded the letter to the district court prompting a status conference to discuss next steps. Ultimately, If the court agrees that the Department is in material violation of the consent decree, the state could be subject to significant penalties, including higher monetary fines, liquidated damages, and contempt sanctions. To avoid a court-ordered solution, the state will need to demonstrate meaningful progress – above and beyond what it has already implemented – towards further compliance with the consent decree.

In 2019, the court appointed special masters to perform certain duties articulated in the consent decree. On March 9, 2026, the special masters released their February 28, 2026 mandatory quarterly report, which is attached to this letter. This report delivers two findings described above: (1) court orders requiring competency evaluation and restoration have *doubled* from 2019 to 2025; and (2) without state investments, the waitlist would be five times larger. It also provides insight into a potential solution: expanding inpatient bed capacity has the greatest and most direct influence on reducing the waitlist for competency evaluations and restoration treatment. This is highlighted by the following figure in the report:

Figure 3. Increasing inpatient beds reduced the waitlist.
(Graph from February 28, 2026 Special Masters Quarterly Report)



CDHS and the Governor's Office are evaluating how best to use limited state resources based on this report. We will be in touch to discuss spending the \$10 million in funding that the Committee approved as well as an additional funding request for FY 2026-27 of approximately \$20 million, with an April 1 target submittal date. While a final proposal is still in formation, those dollars would be allocated toward making more current beds available, contracting for additional beds with third party providers, and operations costs to support the services.

We welcome the Committee's input on how the state can best comply with its obligations, minimize costs, and resolve this escalating situation.

Please do not hesitate to contact me directly with any questions or concerns at mark.ferrandino@state.co.us.

Sincerely,

A handwritten signature in black ink that reads "Mark Ferrandino". The signature is written in a cursive style with a long horizontal flourish at the end.

Mark Ferrandino
Director

CC:

Vice Chair Senator Jeff Bridges, Joint Budget Committee
Senator Judy Amabile, Joint Budget Committee
Representative Kyle Brown, Joint Budget Committee
Senator Barbara Kirkmeyer, Joint Budget Committee
Representative Rick Taggart, Joint Budget Committee
Craig Harper, JBC Staff Director

[Special Masters Quarterly Report](#)

Appendix B: Letters of Support for the P3 Office

Organizations with letters of support for the P3 Office:

- [City of Golden Mayor](#)
- [City of Lakewood Mayor](#)
- [Denver City Council Member Flor Alvidrez](#)
- [City of Pueblo Mayor](#)
- [City of Durango City Manager](#)
- [Jefferson County Board of Commissioners](#)
- [Denver Metro Chamber of Commerce](#)
- [Metro Denver Economic Development Corporation](#)
- [Colorado Competitive Council \(C3\)](#)
- [Executives Partnering to Invest in Children \(EPIC\)](#)
- [Housing Colorado](#)
- [Metro West Housing Solutions \(MWHS\)](#)
- [Elevation Community Land Trust](#)
- [Auraria Higher Education Center \(AHEC\)](#)
- [Build Strong Foundation](#)
- [Oakwood Homes](#)