Joint Budget Committee

Staff Budget Briefing
FY 2026-27

Tobacco Revenue

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Overview of Tobacco Revenue Streams

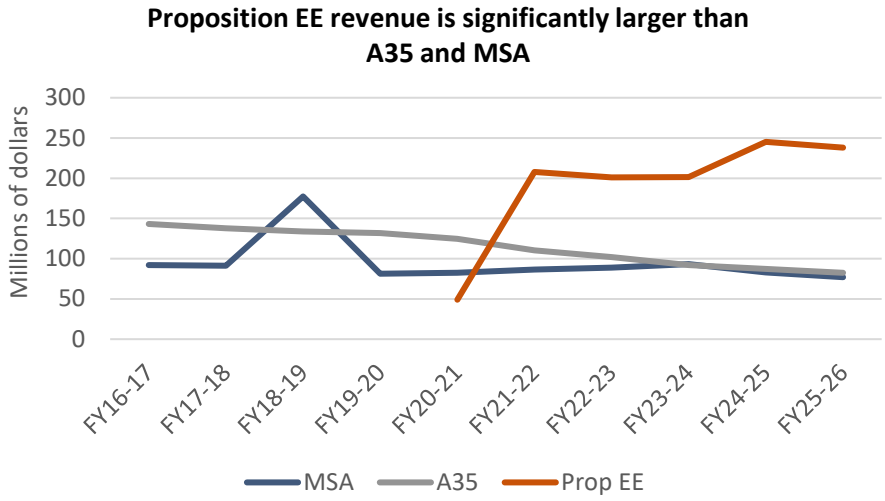
Colorado receives TABOR-exempt tobacco revenue from three sources:

1. Tobacco Master Settlement Agreement (MSA): a 1998 legal settlement between tobacco manufacturers and states that sued manufacturers to recover Medicaid and health-related costs from treating smoking-related illnesses.
2. Amendment 35 (A35): a 2004 constitutional amendment that created tobacco and cigarette taxes.
3. Proposition EE: a tobacco, cigarette, and nicotine product tax approved by voters in November 2020.

This document includes a few high-level questions below, followed by a detailed discussion of each of the three revenue sources.

How large are these revenue streams?

Proposition EE revenue is the newest and largest tobacco revenue source discussed in this document. It generates almost $250 million in annual revenue and is projected to remain relatively steady. Amendment 35 and Master Settlement Agreement revenues are projected to continue declining.

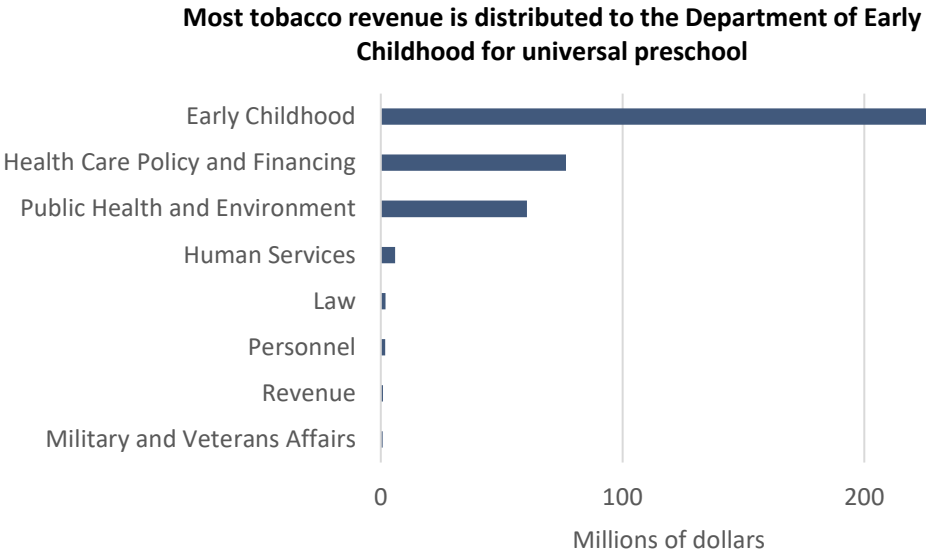


What does the revenue fund?

Based on FY 25-26 forecasted amounts, most tobacco revenue discussed in this document goes to the Department of Early Childhood to support universal preschool ($202.8 million). A small amount also goes to the Department's Nurse Home Visitor Program ($22.7 million). The contribution to universal preschool is from Proposition EE revenue.

The Department of Healthcare Policy and Financing receives the second-highest amount of tobacco revenue ($76.6 million). Most of this revenue goes towards Medicaid expansion efforts ($43.0 million), followed by primary care in underserved areas ($17.8 million). $14.5 million also goes towards the CHP+ program that provides low-cost health insurance for certain children and pregnant individuals.

The Department of Public Health and Environment receives the third-highest amount of tobacco revenue ($60.5 million). This primarily funds tobacco education programs ($34.9 million), followed by $14.9 million for prevention, early detection, and treatment programs. These include programs focused on breast and cervical cancer, health disparities, health data and analytics, and cancer, cardiovascular disease, chronic pulmonary disease. A significant portion of these funds are distributed to local entities as grants.



How flexible are the uses of the revenue?

Of the revenue sources discussed, the distribution from Tobacco Master Settlement Agreement revenue is the most flexible since it is dictated solely by statute. The funding distributions for Amendment 35 and Proposition EE revenue are outlined in statute, but also in the Constitution and ballot language that create additional constraints.

Tobacco Master Settlement Agreement

The 1998 Tobacco Master Settlement Agreement (MSA) was the result of legal action to recover expenses that states incurred for the treatment of tobacco-related illnesses. Under the MSA, states and other governments consented to release participating manufacturers from health-related claims associated with tobacco products, and receive perpetual annual payments in return. MSA revenue is exempt from TABOR as a damage award.

Calculating Total MSA Payment

The size of the annual MSA payment is largely determined by (1) U.S. inflation rates, (2) nationwide cigarette consumption, and (3) cigarette manufacturers' income. A base payment of $9.0 billion is annually adjusted by these factors. More information about these adjustments can be found in Appendix A.

Colorado receives 1.4 percent of the annual payment, which has generally ranged from $80.0 to $93.0 million per year over the last ten years. The large payment in 2018 was a result of the Non-Participating Manufacturer Adjustment Settlement Agreement discussed in Appendix A.

Historic Tobacco MSA Payments to Colorado

Year	Payment
2016	92,200,153
2017	91,116,849
2018	177,342,325
2019	81,149,778
2020	82,359,389
2021	86,574,696
2022	88,844,796
2023	93,072,854
2024	82,965,119
2025	77,006,710

MSA Fund Distribution in Colorado

The recommended distribution for the FY 2026-27 MSA payment will be based on the January 2026 LCS forecast of MSA revenue. The state receives the annual MSA payment in April, which is after the Long Bill is typically sent to the Governor. As a result, even though the actual payment is known by mid-April, appropriations in the Long Bill are based on forecasted amounts.

Funds are distributed to programs as follows:

Tobacco Master Settlement Agreement Revenue Distributions

Department	Program	Percent	FY24-25 Actual	FY25-26 Actual	FY26-27 Forecast
Early Childhood	Nurse Home Visitor Program	28.7%	$23,810,989	$22,100,926	$22,088,251
Health Care Policy and Financing	Children's Basic Health Plan Trust (CHP+)	18.0%	14,933,721	13,861,208	13,853,258
Higher Ed	University of Colorado Health Sciences Center (2.0% of this amount is for in-state cancer research)	17.5%	14,518,896	13,476,174	13,468,446
Higher Ed	Fitzsimons Lease Purchase Payments	8.0%	6,637,210	6,160,537	6,157,004
Human Services	Tony Grampsas Youth Services Program	7.5%	6,222,384	5,775,503	5,772,191
Law	Tobacco Litigation Settlement	2.5%	2,074,128	1,925,168	1,924,064
Military and Veterans Affairs	State Veterans Trust Fund	1.0%	829,651	770,067	769,625
Personnel	Supplemental State Contribution	2.3%	1,908,198	1,771,154	1,770,139
CDPHE	State Drug Assistance Program (SDAP, Ryan White)	5.0%	4,148,256	3,850,336	3,848,127
CDPHE	AIDS and HIV Prevention (CHAPP)	3.5%	2,903,779	2,695,235	2,693,689
CDPHE	Immunizations	2.5%	2,074,128	1,925,168	1,924,064
CDPHE	Dental Loan Repayment Program (DLRP)	1.0%	829,651	770,067	769,625
CDPHE	CO Health Service Corps (CHSC)	1.0%	829,651	770,067	769,625
n/a	Unallocated Amount	1.5%	1,244,477	1,155,101	1,154,438
Total		100.0%	$82,965,119	$77,006,710	$76,962,546

The MSA itself does not have language that dictates how the payments to states may be used. States made these decisions through Consent Orders filed in individual state courts, and Colorado's Consent Order stated that the use of funds would be directed by the State Legislature. As such, the MSA distribution formula is dictated by statute.[1]

MSA revenues are first placed in the Tobacco Litigation Settlement Fund and then distributed to programs by the Treasury. The statutory distribution formula has been amended twice in the past ten years:

1. H.B. 16-1408 (Cash Fund Allocations For Health-Related Programs) removed a two-tier system for fund distribution, replaced MSA funding for multiple programs with the Marijuana Tax Cash Fund, and allocated additional funding for cancer research at the University of Colorado.
2. H.B. 24-1388 (Transfers to the Nurse Home Visitor Program Fund) increased the Nurse Home Visitor Program's distribution from 26.7 percent to 28.7 percent. This was possible due to: (1) consolidation of a program that provided health services to children with autism into a different funding source, and (2) 2.0 percent of the distribution that was then unallocated from the Autism Treatment Fund in H.B. 24-1208 (Autism Treatment Fund).

Section 24-75-1103, C.R.S., outlines an overall state policy for the use of tobacco settlement funds. A majority of the funds received shall be "dedicated to improving the health of the citizens of Colorado, including tobacco use prevention, education, and cessation programs and related health programs". The statute also lists activities for which a portion of settlement funds shall be used:

[1] Section 24-75-1104.5 (1.7), C.R.S.

- statewide and local public health programs;
- addressing tobacco-related health problems;
- tobacco-related in-state research; and
- improving childhood literacy through reading programs implemented by public schools.

For more information on MSA-funded program activities and outcomes, see Appendix B.

Actual Expenditures

While staff make recommendations on the forecasted distribution to MSA-funded programs in February, actual program allocations depend on the size of the MSA payment that the state receives in April.

Due to the uncertainty in the amount of the tobacco MSA payment every year, actual allocations and expenditures often vary from the amount appropriated in the Long Bill. Information gathered in an annual RFI helps to get a sense of actual MSA allocations and expenditures.

Actual expenditures for MSA programs in FY 2024-25

Department	Program	Purpose	Allocation	Expenditures	Over (+) / Under (-)
Early Childhood	Nurse Home Visitor Program	Home visits for economically disadvantaged families who are expecting their first child.	$23,810,989	$21,936,894	-$1,874,095
HCPF	Children's Basic Health Plan	Public low-cost health insurance for certain children and pregnant women.	14,933,721	14,933,721	0
Higher Ed	UC Health Sciences Center	Mandatory educational operating costs, School of Medicine (curriculum), Cancer Center (research and community engagement).	14,518,896	14,518,896	0
Human Services	Tony Grampsas Youth Services Program	Grants to organizations that provide programs to reduce youth crime and violence, marijuana use, prevent child abuse and neglect.	6,222,384	5,555,355	-667,028
Military and Veterans Affairs	State Veterans Trust Fund	Grants to state veterans community living centers and non-profit veterans services organizations.	829,651	836,320	6,669
Personnel	Supplemental State Contribution Fund	Supplemental health insurance to low-income state employees.	1,908,198	1,406,976	-501,222
CDPHE	Drug Assistance Program	Medications and support for premiums for those with HIV and that meet financial eligibility criteria.	4,148,256	4,052,029	-96,227
CDPHE	AIDS and HIV Prevention Grants	Grants for HIV and AIDS prevention and education.	2,903,779	3,490,247	586,468
CDPHE	Immunizations	Core Immunization Service contracts for LPHAs.	2,074,128	1,791,939	-282,189
CDPHE	Health Services Corps Fund	Educational loan repayment for health professionals.	829,651	703,694	-125,957
CDPHE	Dental Loan Repayment Program	Educational loan repayment for dental health professionals.	829,651	809,140	-20,511

Budget Reduction Options

The MSA is the most flexible of the three tobacco revenue sources discussed in this document, with the distribution and purposes outlined solely in statute that may be amended by the Committee. As such, staff has identified two possible pathways for budget reductions:

Option 1: Adjusting the MSA fund distribution

Increasing allocations to MSA-funded programs that also receive General Fund could potentially offset General Fund needs. However, this comes at the cost of a reduced allocation to programs that rely entirely on MSA funding. The majority of MSA-funded programs are primarily (or entirely) funded by the settlement funds.

However, a few programs are also supported by the General Fund and other funds:

- the Children's Basic Health Plan Trust or CHP+ (about $60 million GF, $206 million federal funds)
- Tony Grampsas Youth Services Program (about $2 million GF and $2 million Marijuana Tax Cash Fund)
- University of Colorado Fitzsimons Lease Purchase Payments (about $1 million GF)

Analysts in each individual department will discuss whether or not these funding adjustments make sense for particular programs.

Option 2: Accelerated payments

Staff does not recommend using the "accelerated payment" as a budget balancing option because it creates short-term budget relief in exchange for a long-term cost. However, it has been utilized previously.

In 2009, the General Assembly created an "accelerated payment" by borrowing against the annual MSA payment. This allowed them to spend more in the current year with the promise of paying for the additional expenses with next year's MSA payment.

Before 2009, the MSA payment received in April would fund programs in the following fiscal year (starting in June). Now, the MSA payment received in April funds programs in the current fiscal year (starting immediately), and the remainder pays for expenses in the following fiscal year.

The size of the accelerated payment is not currently a concern, but may become a concern if the April payment is significantly lower than the amount that programs have spent. This would result in a General Fund obligation that cannot be paid off with MSA money. This was not an issue in FY 2025-26 because the remaining accelerated payment was $53.8 million compared to $77.0 million received in April 2025.

The accelerated payment has fluctuated in size over the past decade. However, since 2020, the General Assembly has been slowly paying down the accelerated payment. Current annual payments are approximately 1.5 percent of the annual distribution, projected to be $1.2 million in FY 2026-27. At the current rate, fully paying off the accelerated payment will take decades.

Amendment 35 and Proposition EE

Amendment 35 and the Tobacco Tax Cash Fund

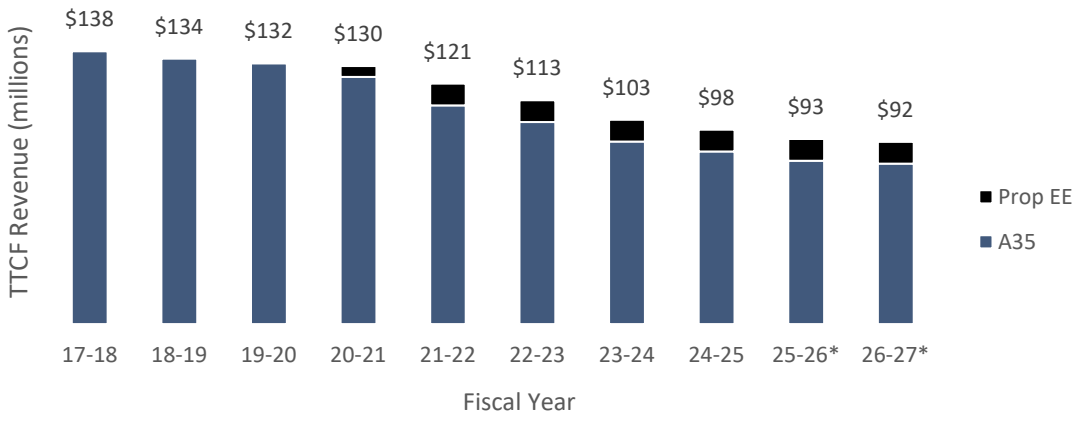
Amendment 35, approved by voters in 2004, added two cigarette and tobacco taxes to Section 21 of Article X of the Colorado Constitution:

- An additional $0.64 tax on each pack of cigarettes sold in Colorado; and
- A statewide tobacco products tax equal to 20.0 percent of the manufacturer's list price, on the sale, use, consumption, handling, or distribution of tobacco products by distributors.

This revenue is TABOR-exempt as a voter-approved measure.

Revenue from Amendment 35 is first deposited in the Tobacco Tax Cash Fund (TTCF) before being distributed to programs on a monthly basis. Amendment 35 revenues have declined over time, as shown below, mainly due to decreasing consumption of cigarettes in Colorado. This revenue decline has been slightly offset in the short term by increased revenue from Proposition EE taxes, which transferred $5.5 million into the TTCF in FY 2020-21 and $11.0 million in FY 2021-22 and ongoing.

Amendment 35 revenue continues declining, partially offset by Proposition EE revenue



*FY25-26 and FY26-27 based on forecasted revenue

Revenue distribution is dictated by the constitutional amendment and is codified in Section 24-22-117, C.R.S. The revenue is distributed to various state agencies including the Departments of Health Care Policy and Financing (HCPF) and Public Health and Environment (CDPHE).

The September 2025 Legislative Council Staff forecast projects the following distribution:

Distribution of TTCF revenue (includes both A35 and Prop EE revenue)

Department	Program/Fund	Percent	FY23-24 Actual	FY24-25 Actual	FY25-26 Forecast	FY26-27 Forecast
HCPF	Health Care Expansion Fund – includes Medicaid expansion	46.0%	$47,473,626	$45,138,312	$42,975,184	$42,346,037
HCPF	Primary Care Fund – funds primary care in underserved communities	19.0%	19,608,672	18,644,085	17,750,619	17,490,755
CDPHE	Tobacco Education Programs Fund – Tobacco Education, Prevention, and Cessation Grant Program	16.0%	16,512,566	15,700,282	14,947,890	14,729,056
CDPHE	Prevention, Early Detection, and Treatment Fund – programs including breast and cervical cancer, health disparities, health data, and CCPD (cancer, cardiovascular disease, chronic pulmonary disease)	16.0%	16,512,566	15,700,282	14,947,890	14,729,056
HCPF	Old Age Pension Fund – medical care for eligible adults 60 years and older	1.5%	1,548,053	1,471,901	1,401,365	1,380,849
Revenue	Local government compensation for lost revenue from tobacco taxes	0.9%	928,832	883,141	840,819	828,509
CDPHE	Immunizations performed by small local public health agencies	0.3%	309,611	294,380	280,273	276,170
HCPF	Children's Basic Health Plan (CHP+)	0.3%	309,611	294,380	280,273	276,170
	Total	100.0%	$103,203,535	$98,126,765	$93,424,312	$92,056,603

Proposition EE and II

Proposition EE was a ballot measure initiated by H.B. 20-1427 (Cigarette, Tobacco, and Nicotine Products Tax) and approved by voters during the November 2020 election. This revenue is TABOR-exempt as a voter-approved measure. The measure raised taxes on cigarettes and other tobacco products, as indicated in the table below, and created a tax on nicotine products such as vaping devices.

Incremental tax increases for cigarettes, tobacco, and nicotine

Product	Timing	Jan 2021 - Jun 2024	Jul 2024 - Jun 2027	Jul 2027 onwards
Cigarettes	Before Jan 1, 2021	$0.84	$0.84	$0.84
Cigarettes	Prop EE/II Tax Increase	$1.10	$1.40	$1.80
	Total cigarette tax	$1.94	$2.24	$2.64
Tobacco	Before Jan 1, 2021	40%	40%	40%
Tobacco	Prop EE/II Tax Increase	10%	16%	22%
	Total tobacco tax	50%	56%	62%
Nicotine	Before Jan 1, 2021	0%	0%	0%
Nicotine	Prop EE/II Tax Increase	50%	56%	62%
	Total nicotine tax	50%	56%	62%

Revenue from the increased taxes on cigarettes, tobacco, and nicotine products in Proposition EE totaled $208.0 million in FY 2021-22, exceeding the $186.5 million estimate in the 2020 Blue Book. In order to retain the excess revenue, Proposition II was referred by the General Assembly and approved by voters in November 2023.

Proposition EE revenue is projected to remain relatively steady. As a result of the tax increases implemented in July 2024 (see table above), revenue from Proposition EE taxes increased by 17.2 percent in FY 2024-25. Cigarette taxes make up the largest portion (54.0 percent) of Proposition EE revenue.

The table below shows actual and projected Proposition EE revenue based on the September 2025 Legislative Council Staff forecast.[2]

Distribution of Proposition EE dollars

Program/Fund	FY 23-24 Actual	FY 24-25 Preliminary	FY 25-26 Forecast	FY 26-27 Forecast
General Fund	$4,050,000	$4,050,000	$4,050,000	$4,050,000
Tobacco Education Programs Fund	0	20,000,000	20,000,000	20,000,000
Tobacco Tax Cash Fund	10,950,000	10,950,000	10,950,000	10,950,000
Preschool Programs Cash Fund	186,612,817	210,181,381	202,813,307	205,355,419
Total	$201,612,817	$245,181,381	$237,813,307	$240,355,419

As outlined in Section 24-22-118, C.R.S., tax revenue from Proposition EE is deposited in the 2020 Tax Withholding Fund and distributed on an ongoing basis throughout the year. The distribution goes first to the:

- General Fund ($4.1 million)
- Tobacco Education Programs Fund ($20.0 million)
- Tobacco Tax Cash Fund ($11.0 million)

After these distributions are made, the remaining revenue is then deposited into the Preschool Programs Cash Fund. If revenue is not enough to cover initial obligations, dollars are dispersed on a proportional basis.

The distribution is scheduled to change on July 1, 2027, when the distribution to the Tobacco Education Programs Fund will increase to $30.0 million. The remainder of the distribution will remain unchanged.

[2] Revenue is forecasted on an accrual basis, however, distributions are made on a cash basis which may lead to discrepancies between total revenue and total distributions.

Appendix A: MSA Payment Calculation Details

The size of the annual MSA payment is largely determined by (1) U.S. inflation rates, (2) nationwide cigarette consumption and manufacturer income, and (3) disputed payments.

Inflation Adjustment

The inflation adjustment is equal to either 3.0 percent or the U.S. Consumer Price Index (CPI-U) percentage change for the calendar year used to determine the payment, whichever is greater. The Independent Auditor for the MSA, Price Waterhouse Coopers, calculates the inflation adjustment using CPI-U across the nation. Of the 25 years since the inception of the MSA, there have been seven years when CPI was greater than 3.0 percent, including in 2021 (7.0 percent), 2022 (6.5 percent), and 2023 (3.4 percent).

U.S. Cigarette Consumption and Manufacturer Income (Volume and Profit Adjustments)

The volume adjustment is based on the aggregate number of cigarettes shipped in or to the U.S. by the MSA's original participating manufacturers. The Legislative Council Staff forecast uses a proxy measure that has data available monthly – excise taxes collected on containers of roll-your-own tobacco and on packs of cigarettes bearing state excise tax stamps. With the exception of during the pandemic, in which demand temporarily increased, cigarette sales in the U.S. have declined for decades and are projected to continue declining.

When income collected by cigarette manufacturers in a given year exceeds an inflation-adjusted threshold, the profit adjustment is applied to the volume adjustment and MSA payments are increased. In recent years, the largest manufacturers that participate in the MSA have begun moving towards higher-priced premium products and non-cigarette tobacco products, and away from lower-cost products, resulting in higher incomes for tobacco manufacturers.

Disputed Payments, Arbitration, and Settlements

Participating manufacturers used to withhold portions of Colorado's MSA payments based on a "non-participating manufacturer (NPM) adjustment" clause within the MSA. In 2018, the NPM Adjustment Settlement Agreement (NPMASA) changed this for the state by:

- releasing all disputed payments withheld from Colorado for 2004 through 2017;
- ending NPM adjustment withholding from future annual payments; and
- determining percentage splits/credits for the no-longer-withheld, but disputed NPM adjustment amounts.

The original clause intended to ensure that significant losses of market share do not occur for participating manufacturers as a result of the MSA. However, per the MSA, resolving NPM adjustment disputes requires states and participating manufacturers to enter into a lengthy arbitration process. For the 2003 NPM adjustment

dispute – the process to define the multi-state arbitration began in 2006, actual arbitration began in 2010, and ended in 2013.

In order to avoid arbitration processes, many states and the participating manufacturers entered into the NPMASA. As a result, Colorado's payment received increased in 2018 to approximately $113.3 million. This one-time revenue was credited to the General Fund per Section 24-75-1104.5 (5) C.R.S. The agreement is currently extended through 2024. Without another extension or agreement, 2025 is the next sales year for which an NPM adjustment arbitration could occur.

Appendix B: RFI Responses

There is currently one multi-Department request for information on program outcomes for entities that receive tobacco MSA revenue. This appendix summarizes Department responses.

"Each Department is requested to provide the following information to the Joint Budget Committee by October 1 of each year for each program funded with Tobacco Master Settlement Agreement money: the name of the program; the amount of Tobacco Master Settlement Agreement money received and expended by the program for the preceding fiscal year; a description of the program including the actual number of persons served and the services provided through the program; information evaluating the operation of the program, including the effectiveness of the program in achieving its stated goals."

This RFI applies to the following departments:

- Early Childhood – Nurse Home Visitor Program
- Healthcare Policy and Financing – Children's Basic Health Plan
- Higher Education – University of Colorado
- Human Services – Tony Grampsas Youth Services Program
- Military and Veterans Affairs – State Veterans Trust Fund
- Personnel – Supplemental State Contribution Program
- Public Health and Environment – Drug Assistance Program, AIDS and HIV Prevention, Immunizations, Dental Loan Repayment, Colorado Health Services Corps

Early Childhood

Nurse Home Visitor Program

The program was created in FY 2000-01 in order to support economically disadvantaged families who are expecting their first child. The program utilizes the Nurse-Family Partnership (NFP) model – an evidence-based, voluntary, community health nursing program. Under the model, clients are partnered with a registered nurse early in their pregnancy and receive home visits until the child turns two. All nurses delivering NFP are trained by the NFP National Service Office (NFPNSO) and receive consultation and continuing education from Invest in Kids (IIK). IIK, the NFPNSO, and the University of Colorado ensure the program is implemented properly.

The program is open to first-time, low-income parents (individuals below 200.0 percent of the Federal Poverty Level). In Colorado, the average client age is 21.

The program aims to:

- Improve pregnancy outcomes by helping women access prenatal care, improve their diets, and reduce the use of cigarettes, alcohol, and illegal substances. The program has seen a 20.0 percent reduction in smoking rates among participants.
- Improve child health and development by helping parents provide responsible and competent care. 94.0 of clients initiate breastfeeding and 74.0 percent of infants received developmental screening at four months old.

- Improve family economic self-sufficiency by helping parents develop a future vision, plan pregnancies, continue their education, and find work. 43.0 percent of clients without a high school diploma/GED were able to earn a diploma/GED by program completion.

In FY 2024-25, the program completed 37,326 visits to 3,722 clients (including 3,207 children). An additional 616 clients were served and 5,754 visits were completed with federal funding.

Health Care Policy and Financing

Children's Basic Health Plan Trust

The Children's Basic Health Plan (CHP+) provides affordable health insurance to children under 19 and pregnant women in low-income families who: (1) do not qualify for Medicaid and (2) do not have private insurance.

In FY 2024-25, the program served an average monthly caseload of 88,685, including 86,752 children and 2,113 pregnant adults. This is an increase of 20,119 individuals (29.3 percent) every month compared to FY 2023-24. Enrollment has continued to grow over the past three years due to the unwinding of the public health emergency and beneficiaries who moved from Medicaid to CHP+.

Higher Education

University of Colorado Anschutz

MSA revenue is used to offset potential tuition increases and support the following areas in FY 2024-25:

Colorado School of Public Health ($301,018)

- The evaluation, expansion, and adaptation of the Colorado School of Public Health's educational programs. Recently, this has included a focus on remote learning and reaching rural populations.

School of Medicine ($4,697,067)

- Two curriculum programs, which focus on skills beyond the lab or clinic, such as teamwork, communication, and ethics.
- Stipends for first-year PhD students completing degrees in select basic science programs.

School of Dental Medicine ($951,106)

- Support faculty in education and clinical training related to prosthodontics, general practice residency, restorative dentistry, and oral and maxillofacial surgery.

College of Nursing ($718,126)

- Support faculty that teach across the college's undergraduate and graduate programs. This funding offsets cost increases that would have otherwise been included in tuition.

Skaggs School of Pharmacy and Pharmaceutical Sciences ($904,969)

- Compensate faculty teaching in the school's Doctor of Pharmacy (PharmD), master's and PhD programs.

Area Health Education Centers ($352,412)

- Operational funds to build statewide network capacity and strengthen academic-community partnerships. The centers aim to improve career pathways to health professions, recruitment and continuing education in rural and urban medically underserved areas, and access to health education.

Cancer Center ($1,734,924)

- Improve the University of Colorado Cancer Center's inclusion of medically underserved Coloradans in the center's clinical, research and educational efforts, including minority-focused clinical trial enrollment and community engagement.

Classroom, library and student services expenditures ($426,803)

- Increased access to electronic resources for education and research, including online journals, databases, and educational software.

Mandatory educational operating costs ($4,432,470)

- Utilities, building maintenance, IT infrastructure, and other basic operating needs for 3.2 million square feet of the buildings on the Anschutz Medical Campus.

Human Services

Tony Grampsas Youth Services Program

The program funds community-based organizations that serve children, youth, and their families with programs designed to: (1) reduce youth crime, violence, and drug use, and (2) prevent child abuse and neglect. Eligible applicants include local governments, schools, nonprofit organizations, state agencies, and higher education institutions.

These organizations serve children and youth ages 0 to 25, as well as parents, caregivers, and community members. In FY 2024-25, grantees served 73,600 individuals from 51 counties and the Southern Ute Tribe. This was an increase of 22,177 (43.1 percent) individuals from FY 2023-24. Of those served:

- 15.6 percent were children (ages 0-8);
- 49.2 percent were youth (ages 9- 18);
- 15.1 percent were young adults (ages 19-24);
- 13.1 percent were parents or caregivers;
- 1.0 percent were adult mentors; and
- 6.1 percent were adult community members.

Military and Veterans Affairs

Colorado State Veterans Trust Fund

The fund is designed to assist all Colorado veterans regardless of race, color, national origin, religion, gender identity, and marital or religious status. The program funds:

1. Capital improvements or needed amenities for existing or future State Veterans' Community Living Centers;
2. Operation and maintenance costs of existing or future state veterans' cemeteries;

3. Costs incurred by the Division of Veterans Affairs; and
4. Veterans programs operated by non-profit veterans' organizations.

In FY 2024-25, the fund awarded $587,109 in grants to non-profit organizations and $303,380 to Veterans Community Living Centers across the state. This funding served 880 veterans, most of whom (54.0) are living in rural areas of the state. 44.0 percent of those served were also 65 years and older.

Of the $890,489 total funds awarded, 93.9 percent was expended. This is a 7.6 percent increase in grant execution compared to FY 2023-24.

Personnel

Supplemental State Contribution Program

Pursuant to Section 24-50-609, C.R.S., the program:

- Provides affordable and adequate health insurance to as many children of lower-income state employees as possible, and
- Supplements plan premiums to encourage lower-income employees with dependent children to enroll in health insurance plans. The supplement reduces the employee contribution to zero.

Supplement distribution is prioritized by income level. The Department must first supplement state employees that have an annual income of less than 200 percent of the Federal Poverty Level (Level 1). If funds remain, supplements are given to state employees with an annual income of 200 to 249 percent of the Federal Poverty Level (Level 2). Finally, supplements are given to state employees with an annual income of 250 to 299 percent of the Federal Poverty Level (Level 3).

In FY 2024-25, the program provided the maximum supplement for all levels. This included assistance for 364 eligible employees, a 21.6 percent decrease from last year. 137 employees were approved for Level I, 159 were approved for Level 2, and 134 were approved for Level 3.

Program Services Provided in FY 2023-24 and FY 2024-25

Fiscal Year	Number of employees receiving supplements	Total supplements paid	Average monthly supplement	Average yearly supplement	Number of dependent children supported
FY23-24	464	$1,564,566	$281	$3,372	1,095
FY24-25	364	1,406,976	322	3,865	925

Public Health and Environment

Colorado HIV and AIDS Prevention Program (CHAPP)

The CHAPP sponsors a statewide competitive grant program for Human Immunodeficiency Virus (HIV) and Acquired Immunodeficiency Syndrome (AIDS) prevention and education. The program supports local needs through:

- Increased access to testing;
- Education and outreach to increase knowledge of HIV; and

- Prevention of new HIV acquisition through PrEP, sterile syringes, and condoms.

In FY 2024-25, CHAPP served:

- 3,774 clients with HIV testing (1.0 percent decrease compared to FY 2023-24);
- 3,911 clients with PrEP referral and navigation (1.0 percent decrease);
- 58,393 individuals through outreach and education (7.0 percent increase); and
- 22,738 clients who participated in syringe access programming (23.7 percent increase).

The program also distributed harm reduction materials, including 1.3 million syringes and 310,683 sexual risk reduction materials.

Immunization Program

The program provides financial resources to increase the awareness of and access to immunizations, improve vaccination rates, and decrease the morbidity associated with vaccine preventable diseases among all Coloradans. The following are key updates from the program for FY 2023-24:

- Enhancement of Immunization Core Services: Support ongoing immunization program infrastructure needs and immunization service activities for local public health agencies (LPHAs). During FY 2024-25, 56 of the 57 LPHAs accepted this funding.
- MSA Funds Received: During FY 2024-25, LPHAs received $1,369,276 from MSA funding for Core Immunization Service contracts, which is a $339,342 decrease from last year. The MSA funding supported LPHA activities to improve measles, mumps, and rubella (MMR) vaccination rates (children) and influenza vaccination rates (children and adults). In addition to MSA funding, Core Immunization Service contracts are supported by $5.5 million in additional state and federal funds.
- Impact of the COVID-19 pandemic: The pandemic interrupted the administration of routine vaccines. Data from the Colorado Immunization Information System (CIIS) shows that between March 15, 2020, and April 25, 2020, there was a 37.0 percent decrease in the number of pediatric doses administered compared to the same time period in 2019.

More recently, in FY 2024-25, the overall number of doses administered was 1.5 percent lower than doses administered in corresponding pre-pandemic weeks in 2019. The decreases varied by age group with declines of:

- 2.3 percent in children from birth to age 2, and
- 5.2 percent in children 10 to 12 years old.

Children ages 3 to 9 years old and adolescents 13 to 17 years old experienced an increase in the number of doses administered.

State Drug Assistance Program

SDAP provides formulary medications on an outpatient basis, free of charge, to Colorado residents who are diagnosed with HIV and who meet the financial eligibility criteria. SDAP also provides support for paying premiums, deductibles, coinsurance, and copays for insured Colorado residents living with HIV on Medicare, private insurance, and Medicaid.

In FY 2024-25, the program served 4,818 people, which is a 19.0 percent increase from last year (4,035 people). Program outputs included:

- Medical deductible, coinsurance, and copay assistance for 2,958 individuals;
- Health Insurance premium assistance for a monthly average of 68 individuals; and
- Supporting the network of PrEP providers who will see uninsured individuals in 79 clinics across the state.

Dental Loan Repayment Program (DLRP)

DLRP provides educational loan repayment to incentivize dental clinicians to improve access to care for people who experience high barriers to care. Dental clinicians are eligible if they provide dental services to Coloradans who are publicly insured and/or live in rural areas. The DLRP pays all or part of the principal, interest, and related expenses of the educational loans of eligible clinicians. The program is open to both dentists and dental hygienists.

In FY 2024-25, 30 clinicians participated in the Dental Loan Repayment Program, which is an increase from 18 clinicians who participated last year. 10 practiced in rural or frontier counties and 20 practiced in urban counties. 32,754 underserved Coloradans received care from participating clinicians, for a total of 600,631 individuals served since the program's inception in 2001.

Colorado Health Service Corps (CHSC)

CHSC seeks to reduce barriers to primary health care access, particularly for those who are publicly insured, uninsured, low-income, or live in rural and frontier communities across the state. The program assesses primary health care professional workforce needs of communities and directs health professional incentives, such as loan repayment, to areas of the state with a health professional shortage.

Health professionals that participate include: primary care physicians, physician's assistants, dentists, dental hygienists, nurse practitioners, certified nurse midwives, advanced practice nurses with specific training in substance use disorders or pain management, licensed clinical social workers, licensed professional counselors, licensed clinical or counseling psychologists, psychiatric nurse specialists, marriage and family therapists, clinical pharmacists, licensed addiction counselors, certified addiction technicians and specialists, and health professional faculty.

Eligible providers must practice in a designated Health Professional Shortage Area (HPSA) for at least three years and spend at least 32 hours per week in direct patient care for a full-time contract or at least 16 hours per week in direct patient care for a part-time contract. They must also serve individuals who are uninsured or publicly insured, offer a sliding fee payment scale to those below 200 percent of the federal poverty level, and work for a public or non-profit organization.

The program includes 496 practicing clinicians, 16 clinicians with a pending contract, 9 nurse faculty, and 19 physician residency faculty. Approximately 682,661 individuals received care from clinicians practicing in the Colorado Health Service Corps, which has served 6.0 million patients since the program started.