



Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee
From: Amanda Bickel, JBC Staff (303-866-4960)
Date: Monday, April 21, 2025
Subject: [Bill descriptions – bills in packets 19 and 20](#)

Staff has attached memos that address five bills that are included in Committee bill packets 19 and 20. These memos address the following bills:

Bill packet 19:

LLS 25-0911 Proposition 123 Revenue Uses - p. 2

LLS 25-1002 Mod Higher Ed Expenses Income Tax Incentive – p. 11

LLS 25-1003 Colorado State Promise Program – p. 15

LLS 25-0480 American Rescue Plan Act Funds – p. 20

Bill packet 20:

LLS 25-1029 Postsecondary & Workforce Readiness Programs p. 30



Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee
From: Amanda Bickel, JBC Staff (303-866-4960)
Date: Thursday, April 17, 2025
Subject: [LLS 25-911 Proposition 123 Revenue](#)

Background

Proposition 123: Proposition 123, adopted by voters in November, 2022, established the state affordable housing fund. Pursuant to section 29-32-102, C.R.S., one-tenth of one percent (or 0.1 percent) of federally taxable income is deposited into the fund, which is then split between two funds operated by the Department of Local Affairs and the Office of Economic Development and International Trade (OEDIT).

The Department manages the Affordable Housing Support Fund, which is allocated 40.0 percent of the state affordable housing fund. The Affordable Housing Support Fund is split across three programs:

- The Affordable Home Ownership Program (AHOP), operated by the Division of Housing, which offers home ownership down-payment assistance to first-time homebuyers. Assistance is provided to households at or below 120.0 percent of the Area Median Income, and the cost burden of the home has to be at or below 35.0 percent of the recipient's monthly household income. The program also offers grants and loans to non-profit organizations and localities to support affordable home ownership, and offers grants and loans to mobile home owners to assist in the purchase of a mobile home park. Up to half of the Affordable Housing Support Fund may be used to support this program.
- The Persons Experiencing Homelessness Program (PEH), operated by the Division of Housing, which provides rental assistance, housing vouchers, and eviction defense assistance to those experiencing or at risk of homelessness. The program also offers grants and loans to non-profit organizations and localities to support the development of supportive housing and other activities determined by the Department to contribute to the resolution and prevention of homelessness. Up to 45.0 percent of the Affordable Housing Support Fund may be used to support this program.
- The Local Planning Capacity Program, operated by the Division of Local Government, which provides grants and loans to local and tribal governments to increase the capacity of planning departments responsible for land use regulation, permitting, and zoning for housing development projects. Up to 5.0 percent of the Affordable Housing Support Fund may be used to support this program.

- Up to 5.0 percent of funding in each of the funding categories may be used for the direct and indirect costs of program administration.

Affordable Housing Support Fund Revenue				
Program	FY 2023-24 Revenue	FY 24-25 Revenue	FY 25-26 Proj. Revenue ¹	FY 26-27 Proj. Revenue ¹
Affordable Home Ownership (AHOP)	32,000,000	64,963,459	70,280,000	73,460,000
Persons Experiencing Homelessness (PEH)	28,000,000	58,467,113	63,252,000	66,114,000
Local Planning Capacity	3,200,000	6,496,346	7,028,000	7,346,000
Total for Affordable Housing Support Fund	\$63,200,000	\$129,926,918	\$140,560,000	\$146,920,000

¹ LCS Dec 2024 forecast

Other statutory provisions:

- Under current law, all funding is continuously appropriated to the Department of Local Affairs.
- As adopted by the voters in Proposition 123, and subsequently amended, statute requires that funding for housing programs be supplemented and not supplanted by the new Proposition 123 revenue
- As adopted by the voters, the 60 percent of revenue deposited in the State Affordable Housing Fund and directed to the Governor’s Office may be redirected if state revenue falls below the TABOR cap, but the 40 percent directed to the Department of Local Affairs may not be.

LLS 25-911

This bill addresses several statutory changes for which the JBC authorized drafting in February, as well as two options raised by staff and reflected in drafting questions

- Effective FY 2026-27, makes funding for *administration*, which is already limited to 5.0 percent, also subject to annual appropriation. The language would allow the Department to spend less in one year and more in another, so long as no more than 5.0 percent of total receipts is spent on administration.
- Clarifies that funding for operations at two state facilities that serve people who are homeless—Ridge View and Fort Lyon—is also authorized and makes this use subject to annual appropriation effective FY 2026-27. (This use is already allowed under current law, but current law does not allow direct funding to the Department.)
- Clarifies the Maintenance of Effort for the program. **After further discussion with the Governor’s Office, the Governor’s Office agreed that staff’s original proposal (discussed in the attached February 14, 2025 memo) is viable, so long as it does not**

¹ Based off of the December Forecast from Legislative Council Staff

conflate appropriations and tax expenditures. Given this, this is the approach that has been included in the attached bill draft.

There are **two components raised in drafting questions:**

- Does the JBC wish to authorize the use of Proposition 123 money for capital construction at the Fort Lyon and Ridge View campuses, subject to appropriation? This question arose due to the anticipated need to replace boilers on the Fort Lyon campus. Current law does not appear to contemplate this use, which is assumed to require direct funding to the Department for this purpose. The bill as currently drafted includes this provision.
- As part of changes to statutory provisions regarding “supplementing and not supplanting”, does the JBC wish to add an exemption for when the State falls below the TABOR cap, based on the March forecast. This would provide additional flexibility under these circumstances. This is not currently included in the bill draft but could be added.



Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee
From: Amanda Bickel and Andrea Uhl, JBC Staff
Date: Friday, February 14, 2025
Subject: Staff-initiated Legislation to Clarify Proposition 123 Maintenance of Effort
[Legislation Recommended]

Staff recommends that the Committee sponsor legislation to further clarify the Maintenance of Effort (MOE) requirement associated with Proposition 123 (Section 29-32-106, C.R.S.). Current statute specifies that “money appropriated [from Proposition 123 revenue] must supplement and shall not supplant the level of general fund and cash fund appropriations for affordable housing programs for state fiscal year 2022-23”. JBC staff interprets this language to mean that FY 2022-23 funding for affordable housing, excluding Proposition 123 funds, should be compared to each subsequent year’s funding for affordable housing.

Based on discussions with the executive branch and further review and analysis of the statute and recent funding, staff recommends two clarifications to the existing MOE statute.

- Exclude one-time FY 2022-23 funding from state sources from the MOE calculation. The General Assembly has already amended the relevant statute to exclude one-time federal funds. However, given the restrictions on many one-time federal funds, a considerable amount of funding that was provided for housing programs on a temporary basis in FY 2022-23 was either initially appropriated as state General Fund or cash funds or, even if it began as federal funds, was later refinanced with state funds.
- Include affordable housing tax credits in the calculation. Since FY 2022-23, the General Assembly has taken some actions to *reduce* direct appropriations for affordable housing, while *increasing* tax credits that support affordable housing projects. These actions, which maintain resources for supporting affordable housing, seems consistent with the intent of Proposition 123, but statutory MOE language should be modified to align with this if that is, in fact, the General Assembly’s intent. Based on court cases, as well as the plain language of the term, “appropriation” does not encompass tax expenditures such as tax credits.¹ Thus, if tax credits should be included in the calculation for the Proposition 123 baseline, this should be stated.

¹In *Colorado General Assembly v. Lamm*, the Colorado Supreme Court concluded that an appropriation is the setting aside of a certain amount of money for expenditure by an agency of government to achieve a particular purpose. 700 P.2d 508, 528 (Colo. 1985). OLLS Staff note that this aligns with the plain meaning of “appropriation”.

Section 29-32-106, C.R.S., shown below, was first added to the statutes as part of Proposition 123. It was then amended in [H.B. 23-1304](#) (Proposition 123 Affordable Housing Programs) with technical tweaks, including the addition of subsection (2).

29-32-106. Maintenance of effort. (1) For any state fiscal year in which money is appropriated from the financing fund or the support fund in accordance with the requirements of this article, any such money appropriated must supplement and shall not supplant the level of general fund and cash fund appropriations for affordable housing programs for the state fiscal year 2022-23.

(2) For purposes of determining the appropriations for affordable housing programs for the state fiscal year 2022-23, cash funds appropriations do not include any appropriations of money that originated from money the state received from the federal coronavirus state fiscal recovery fund.

As reflected above, the MOE language adopted by voters, even after amendment by the General Assembly, is broad and subject to interpretation. Various line items and statutory provisions in place in FY 2022-23 might or might not be considered MOE components. In consultation with the Department, staff has explored alternative calculations. Under some of these approaches the State is potentially in violation; in others it is not. Particularly in light of this, staff believes it would be in the interest of the Department, legislators, and members of the public for the General Assembly to amend the existing MOE language to more clearly delineate some items that should and should not be counted in the Proposition 123 MOE calculation.

It is important to note that *none of the calculations below represent a definitive accounting of the Proposition 123 MOE; these calculations simply represent a preliminary staff effort to outline some possible interpretations.*

The table below summarizes FY 2022-23 state appropriations that staff believes represent a reasonable potential baseline for the Proposition 123 MOE. As shown, staff has included two options: one without tax credits and one with tax credits included.

FY 2022-23 Baseline			
	Total	General Fund	Cash Funds
Department of Local Affairs			
Long Bill - (A) Community and Non-Profit Services			
Personal Services	\$743,949	\$668,832	\$75,117
Operating Expenses	68,788	63,850	4,938
Low Income Rental Subsidies	12,552,750	11,613,101	939,649
Homeless Prevention Programs	170,000	0	170,000
Fort Lyon	4,999,361	4,999,361	0

The plain meaning of "appropriation" is the authorization of spending authority for a specific purpose and a tax expenditure does not authorize spending authority, but instead is a tax provision that results in reducing a person's tax burden.

FY 2022-23 Baseline			
	Total	General Fund	Cash Funds
Long Bill (B) Field Services			
Affordable Housing Program Costs	298,218	216,329	81,889
Affordable Housing Grants and Loans	24,500,000	9,200,000	15,300,000
Persons Transitioning from Criminal Justice System	500,000	500,000	0
(C) Indirect Costs	27,130	0	27,130
Long Bill Total	\$43,860,196	\$27,261,473	\$16,598,723
Non-Long Bill			
Vendor Fees	\$71,022,574	\$71,022,574	\$0
HB 22-1083 Homeless tax credit (PS and OE only)	99,018	99,018	0
HB 22-1389 FLEX Program	103,355	103,355	0
Non Long Bill Total	\$71,224,947	\$71,224,947	\$0
Department of Human Services			
Housing Assistance for Individuals with SUDs	\$4,000,000	\$4,000,000	\$0
Foster Youth Transition to Adulthood Grant Program	712,950	712,950	0
	\$4,712,950	\$4,712,950	\$0
Department of Corrections			
Parolee Housing Support	\$500,000	\$500,000	\$0
Community-based Organizations Housing Support	500,000	500,000	0
	\$1,000,000	\$1,000,000	\$0
Total Excluding Tax Credits	\$120,798,093	\$104,199,370	\$16,598,723
Tax Credits			
HB 22-1051 Modify Affordable Housing Tax Credit	\$53,200,000	\$53,200,000	\$0
Tax Credit Total	\$53,200,000	\$53,200,000	\$0
Total with Tax Credits	\$173,998,093	\$157,399,370	\$16,598,723

Note that the table above excludes funding from the following bills and voter-approved measures that were explicitly identified at the time as being provided on a one-time or temporary basis. In many cases the amounts shown below reflect only the portion of funding in the bill that was refinanced to state funds, since amounts originating as federal funds are already excluded from the MOE requirement.

ONE-TIME GENERAL FUND APPROPRIATIONS EXCLUDED	
Prop EE	\$11,049,771
HB22-1356 General Fund Refinanced Portion	2,530,000
HB 22-1304 General Fund Refinanced Portion	108,000,000
HB22-1377 General Fund Refinanced Portion	81,650,000

ONE-TIME GENERAL FUND APPROPRIATIONS EXCLUDED	
HB22-1378 General Fund Refinanced Portion	34,420,000
SB 22-159 Affordable Housing Revolving Loans	150,000,000
SB 22-146 CHFA Middle Income Access	25,000,000
Total	\$412,649,771

The table below compares the FY 2022-23 funding shown (MOE Baseline) with FY 2024-25 funding. As can be seen at the bottom of this table, **if tax credits are included in the calculation, FY 2024-25 funding is above the FY 2022-23 MOE requirement. If tax credits are excluded, it is not.**

FY 2024-25			
	Total	General Fund	Cash Funds
Department of Local Affairs			
Long Bill - (A) Community and Non-Profit Services			
Personal Services	\$1,233,633	\$1,156,187	\$77,446
Operating Expenses	64,168	59,230	4,938
Low Income Rental Subsidies	22,107,124	21,167,475	939,649
Homeless Prevention Programs	170,000	0	170,000
FLEX Program	305,016	305,016	0
Fort Lyon	5,756,771	5,756,771	0
Long Bill (B) Field Services			
Affordable Housing Program Costs	325,247	235,596	89,651
Affordable Housing Grants and Loans	18,000,000	18,000,000	0
Persons Transitioning from Criminal Justice System	500,000	500,000	0
(C) Indirect Costs	25,306	0	25,306
Long Bill Total	\$48,487,265	\$47,180,275	\$1,306,990
Non-Long Bill			
Vendor Fees (after reduction from HB 24-1434)	\$38,800,000	\$38,800,000	\$0
HB 24-1152 Accessory Dwelling Units ¹	467,246	467,246	0
HB 24-1152 Accessory Dwelling Units (OEDIT)	8,000,000	8,000,000	0
Non Long Bill Total	\$47,267,246	\$47,267,246	\$0
Department of Human Services			
Housing Assistance for Individuals with SUD	\$4,000,000	\$4,000,000	\$0
Foster Youth Transition to Adulthood Grant Program	1,134,609	1,134,609	0
Preventing Youth Homelessness	4,572,592	4,572,592	0
	\$9,707,201	\$9,707,201	\$0
Department of Corrections			
Parolee Housing Support	\$500,000	\$500,000	\$0
Community-based Organizations Housing Support	500,000	500,000	0
	\$1,000,000	\$1,000,000	\$0
Total Excluding Tax Credits	\$106,461,712	\$105,154,722	\$1,306,990

FY 2024-25			
	Total	General Fund	Cash Funds
Tax Credits			
HB 22-1051 Modify Affordable Housing Tax Credit	\$60,000,000	\$60,000,000	\$0
HB 24-1434 Expand Affordable Housing Tax Credits	18,000,000	18,000,000	0
Tax Credit Total	\$78,000,000	\$78,000,000	\$0
Total with Tax Credits	\$184,461,712	\$183,154,722	\$1,306,990
Change from base excluding tax credits	-\$14,336,381	\$955,352	-\$15,291,733
Change from base with tax credits	\$10,463,619	\$25,755,352	-\$15,291,733

¹ The one-time transfer of \$5.0 million to DOLA in H.B. 24-1152 is spread over multiple years to provide grants.

JBC Staff notes that the Governor’s Office interpretation of the statute differs from that of the Joint Budget Committee Staff. As outlined by the Governor’s Office in an email to staff:

“The Maintenance of Effort (MOE) section of HB23-1304 does not include specific statutory text requiring an MOE to be established. In particular, the MOE provision in C.R.S. § 29-32-106(1) does not mean that the level of general fund or cash fund appropriations for affordable housing programs in FY 2024-25 and beyond can never drop below the level of funding FY 2022-23 because the language is aspirational and must be read in conjunction with other statutes that don’t allow a current General Assembly to limit a future General Assemblies powers to appropriate. While the title of the section is MOE the actual language is a clear example of supplement and supplant that is common in state and federal budgeting. This does allow for reductions from year to year as long as those reductions are part of broader policy changes and are not a direct supplanting of funding from the new revenue stream for existing programs.”

JBC Staff acknowledges that the statutory provisions under the “Maintenance of Effort” header (which is not technically binding) use “supplement and not supplant” language. However, *JBC staff believes that, even under this alternative interpretation, it could be beneficial to clarify the statute in a way that is more expansive.* In general, staff believes that offering more mechanisms for complying with voter intent that Proposition 123 funds “supplement and not supplant” other forms of state support for affordable housing could be helpful. Tax credits are not the same as appropriations, but they are a form of support for affordable housing. Given this, the General Assembly could at least consider whether tax credits should be identified *in addition to appropriations* when contemplating statutory compliance.

Under the alternative understanding of the statute put forth by the Governor’s Office, the State could potentially still be in violation of the statute. In FY 2024-25, the General Assembly cut \$15.3 million in Marijuana Tax Cash Fund appropriations from the Affordable Housing Grants and Loans line item that had been used since FY 2017-18 for a variety of homeless

response programs. The reduction was due to insufficient Marijuana Tax Cash Fund revenue, and the funding was partially replaced by \$8.8 million General Fund. In a November 1, 2024, response to a JBC Request for Information, the Department of Local Affairs indicated that filling the \$6.5 million gap in funding due to the changes in FY 2024-25, “required DOLA/DOH to re-purpose other funding sources eligible for utilization in addressing homelessness *including those made available through Proposition 123*”.² [emphasis added] This response at least suggests that Proposition 123 funds may have been used to supplant the Marijuana Tax Cash Funds that were reduced.

² The Department response can be accessed from the OSPB website under FY 2025-26 Budget Request, All Budget Documents, Agency Budget Submissions, (9) DOLA, (7) RFIs and Long Range Financial Plan: <https://www.colorado.gov/governor/office-state-planning-budgeting>



Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee
From: Amanda Bickel, JBC Staff (303-866-4960)
Date: Thursday, April 17, 2025
Subject: [Higher Education Income Tax Incentive LLS 25-1002](#)

Background

House Bill 24-1340 (Incentives for Postsecondary Education) provides for refundable income tax credits to cover tuition and fees that are not covered by grant aid for resident undergraduate students in households with incomes up to \$90,000. The tax credit, which took effect January 1, 2025, applies for semesters/quarters that a student begins with less than 66 credits, i.e., it is intended to cover a student's first two years of postsecondary education. It is available to students who begin their studies within two years of high school graduation, are enrolled for at least six credit hours, and achieve an average GPA of at least 2.5. The fiscal note estimated the full-year tax expenditure from the bill at \$36.7 million though staff currently anticipates the cost is likely to be substantially higher (see notes below). The credit is continued through 2034.

LLS 25-1002

Technical Fixes and Adjustments in LLS 1002 : The institutions, Department, and OSPB have collaborated to identify technical fixes required to the current law. The bill includes the following adjustments:

- Changes from an academic to a calendar year for claiming the credit, effective with the January 1, 2026 tax credit, which will facilitate a quicker reimbursement for students.
- Modifies the deadlines for institutions to report eligible student data from January 15 to January 31 and changes deadlines for CDHE to forward consolidated data to the Department of Revenue from January 31 to February 15.
- Clarifies that eligible students are those who completed high school graduation or an equivalent on or after January 1, 2024, which would exclude students who graduated high school earlier, attended postsecondary education and the stopped out. Includes other clarifications, e.g., to the definition of "adjusted gross income".
- Specifies that, beginning with the 2026 tax year, whether a student is eligible and a term qualifies is based on the facts and circumstances determined by an institution of higher education before January 15 following the income tax year.
- Adjusts dates for reporting to the JBC and other legislative education committees and the data required. As amended in the bill, a report is due by December 1, 2026 on program

implementation with an estimate of the total amount of tax incentives claimed in tax year 2025. Beginning December 1, 2027, a report is required with data, to the extent available/not prohibited by federal law, on incentive recipients and outcomes for recipients versus non-recipients, including retention, completion, and loan debt data.

- Authorizes the Department of Revenue to share information with the Department of Higher Education regarding whether individuals have claimed the credit, which CDHE must also keep confidential.

At the time JBC staff presented the memo on proposed technical fixes to the JBC, the Governor's Office was seeking further guidance from federal authorities regarding whether FAFSA forms submitted by students to institutions could be used for determining eligibility for the tax credit. **This issue is still not resolved, but the Governor's Office has indicated that an additional appropriation is required for the Department of Revenue, based on the assumption that use of FAFSA forms may not be allowed. The bill now includes the following provisions to address how eligibility for the tax credits will be determined to the extent FAFSA data cannot be used.**

The program requires institutions to report eligible student data to the Department of Higher Education by January 31 which is supposed to organize it and forward it to the Department of Revenue by February 15. If not prohibited by federal law, this data will indicate which students are eligible based on income reflected on the FAFSA/CASFA, as well as other factors. As amended:

- If institutions are not able to electronically report eligible students to the Department of Higher Education that includes qualification based on income, they must report students who are eligible without regard to income.
- Institutions must likewise notify students of their qualification for the program without regard to income, if use of income data (from the FAFSA) is prohibited by federal law.

Appropriation: Additional volume and complexity will be involved if data is reported to the Department of Revenue that does not include student financial eligibility. Because of this, this bill now includes an additional appropriation of \$135,446 General Fund and 1.9 FTE for FY 2025-26 for the Department of Revenue. This annualizes to \$205,305 General Fund (plus centrally appropriated costs) and 3.4 FTE in FY 2025-26 and ongoing.

This is added to the appropriation in H.B. 24-1340, which drives total funding in CDHE and Department of Revenue of \$477,945 and 4.9 FTE in FY 2025-26 and \$329,699 and 3.9 FTE ongoing, including \$206,947 and 2.6 FTE in DOR. Thus, *the inability to use FAFSA data is expected to approximately double the ongoing cost of administration in DOR. If this issue is resolved in the State's favor, staff assumes funding for DOR would be reduced.*

Additional Information – Previously Discussed

Staff has previously noted that the cost of this tax credit is currently anticipated to be significantly higher than originally anticipated. The fiscal note for the bill anticipated tax expenditures of \$36.7 million. However, staff was aware that some institutions were concerned about the accuracy of that figure and therefore asked the Department to work with institutions prior to figure setting to attempt to refine the estimate.

As previously discussed during staff's figure setting presentation, a collaboration with CU indicated that the **cost of the tax credit could be far higher than originally estimated, since CU's work using FY 2023-24 data indicated that cost for CU Boulder could exceed the original estimate by 76.3 percent.**

Comparison for University of Colorado Boulder Projected Tax Credit Impact HB 24-1340		
	Eligible Students	Estimated Cost
FY 2020-21 Data Used for HB24-1340 FN	774	\$2,709,213
FY 2023-24 Actual Data	1,211	\$4,776,821
Revised estimate above original estimate	437	\$2,067,608
Percentage Difference	56.5%	76.3%

If the impacts reflected at CU Boulder were extrapolated statewide, this tax credit would be estimated to cost \$64.7 million in FY 2025-26, rather than the \$36.7 million in the fiscal note.

Extrapolating CU Boulder Data to Statewide Estimates of HB 24-1340 Costs (Million \$s)			
	FY 2024-25	FY 2025-26	FY 2026-27
HB24-1340 Fiscal Note - tax credit estimate	-\$18.1	\$36.7	\$37.8
Revised Estimate Based on Extrapolating from CU Data	\$31.9	\$64.7	\$66.6
Revised estimate above original estimate	\$13.8	\$28.0	\$28.8

Changes/Additions that Could be Considered

- Staff previously suggested that the Committee could consider adding a trigger to this bill, e.g., based on revenue projections. From a policy perspective this is challenging, because a trigger that was—for example—based on the June forecast would be late for students making college decisions. A trigger based on a March forecast would make far more sense programmatically, but, March data is provided while the General Assembly is in session so no automatic trigger is required. *If the JBC/General Assembly is concerned about the ability to pay for these tax credits in tax year 2026, it should take action now to suspend them, rather creating a trigger.* If it wished to do this, staff would suggest holding students harmless who are already enrolled in 2025 but not offering the credit to new students. Staff supports the benefits offered in this program, but offers this as an option given the

fiscal constraints facing the General Assembly, the additional costs anticipated for the program, and the new administrative challenges facing the program related to the FAFSA.

- The Committee could also consider changes to the program for 2026 that would have less dramatic program impacts but could have some impact on reducing costs, at least at the margins:
 - Modeling related to program costs was based on “base” tuition and “mandatory” fees, but the program currently covers all tuition, including “differential” tuition and all fees, including more targeted program fees. Differential tuition was one of the reasons costs at CU were far greater than the estimates in the H.B. 24-1340 fiscal note. (Differential tuition added 17.0 percent to costs at CU Boulder.) The Colorado Promise bill, outlined separately, is currently restricted to “base” tuition and includes no promise related to fees at all.
 - The Colorado Promise bill, outlined separately, also includes a requirement that students must have completed high school or their GED by age 22; the Committee could consider adding that requirement here for tax years beginning 2026. The number of students who would be affected is currently unknown. The Governor’s Office has raised concerns about the impact on students currently enrolled, but they could be held harmless or this provision could begin in 2027.
 - Institutions have previously noted to JBC staff that the bill may need to clarify that students must apply for the College Opportunity Fund stipend and/or payments must be net of stipend amounts. This change is not currently included in the bill as drafted. The related fiscal impact of such a change is unclear, though it is likely to be small. This component is incorporated in the Colorado Promise bill also.



Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee
From: Amanda Bickel, JBC Staff (303-866-4960)
Date: Friday, April 18, 2025
Subject: [LLS 25-1003 Colorado Promise](#)

Background – Why This Bill?

As described at length in staff's budget briefing:

- Both the real cost of college and the perceived cost of college are significant obstacles to postsecondary education for low and middle income students.
 - Most low-income students who are eligible for the federal Pell grant have had to pay little or nothing out-of-pocket for tuition and fees at most public institutions for the last decade—but most have also not been aware of this.
 - For students from families with incomes that are above the threshold for federal grants but who are not wealthy, tuition and fee costs have been significant obstacles. And both low-and moderate income students need to cover housing and food costs, which state and federal grant aid has never been sufficient to cover.
- Many potential college-goers never get as far as even applying for financial aid, in part because they anticipate that college is too expensive to consider. *In many cases this is based on over-estimating college costs.* A 2018 U.S. Department of Education report cited previous research that found that only 11 percent of 9th graders estimated college costs close to actual average tuition and fees, and *fifty-seven percent overestimated tuition and fees.* This lack of information is particularly acute among low-income families.
- Colorado has one of the lowest completion rates in the nation for the Free Application for Federal Student Aid (FAFSA). As of summer 2023, the FAFSA completion rate was 46.8 percent for high school seniors, ranking Colorado 46th in the nation. In order to thrive, Colorado institutions need to recruit—and effectively serve—students from a range of economic backgrounds.
- *The institutions of higher education and the State have made remarkable progress in the last two years in guaranteeing that low- and moderate income students can attend postsecondary institutions without paying tuition and, in most cases, fees.*
 - Every 4 year public institution in the state has now launched a “promise” program that guarantees free tuition (and often more) for most full-time students with incomes below \$65,000-\$70,000. Most low-income students attending community colleges at least half time already have their tuition and fees fully covered by state and federal grant aid.

- H.B. 24-1340 (Incentives for Postsecondary Education) provides for refundable income tax credits to cover tuition and fees that are not covered by grant aid for resident students in households with incomes up to \$90,000 who are new high school graduates.
- What remains now is to *tie together existing institutional free tuition programs for low income students under a single statewide program message, address any technical issues related to the tax credit program, and publicize.*

Data provided by the Department in fall 2024 suggested the State could probably offer a relatively generous guarantee without any additional funding, including covering students who qualify for a partial-Pell, part-time students at 2 year institutions, and fees. However, in response to staff questions, Department staff have noted that the data they provided has some limitations. Given this—as well as the state’s constrained financial position—it **seems most prudent to simply align with the minimum that is currently promised by any institution, i.e., \$60,000 AGI guarantees free tuition (along with the other factors above).** Further—again given the state’s current financial situation—staff recommended that any related legislation authorize the JBC to suspend the requirement that all institutions provide this guarantee in the event of significant economic downturn, large cuts to institutional funding, or significant reductions to federal financial aid.

During the budget hearings, institutional leaders consistently supported this idea—often with enthusiasm. Given this, staff recommended that the General Assembly take the next step toward implementation.

LLS 25-1003 Colorado State Promise

Staff worked with the institutions to identify the minimum components of institutional programs that currently exist and that institutions appeared to feel comfortable with. The bill description included in the bill (borrowed here) summarizes current components. These include:

- Beginning in the 2026-27 state fiscal year, the bill requires that institutions in the state ensure that students who meet certain requirements do not pay tuition. To be an eligible student, an individual must:
- Graduate from a Colorado high school or successfully pass a Colorado high school equivalency examination or its equivalent on or after January 1, 2024, and before the individual reaches 22 years of age;
- Enroll full-time at an institution within 2 years of graduating from a Colorado high school or successfully passing a Colorado high school equivalency examination or its equivalent;
- Have a household adjusted gross income of \$60,000 or less;
- Complete a free application for federal student aid (FAFSA) *and* receive a maximum federal Pell grant or grant from a successor federal program that provides grants of a similar or greater size than the federal Pell grant;
- Apply for and receive a college opportunity fund stipend;

- Maintain satisfactory academic progress at the public institution; and
- Pursue, for the first time, a higher education degree as an enrolled student in an institution.

Funding sources to support the education of students participating in the state program include state financial aid, federal student aid, institutional sources, the college opportunity fund program, fee-for-service contracts, and grants.

The department may issue guidelines, as necessary, to ensure the state program is implemented at all institutions.

The department, in collaboration with institutions of higher education, shall:

- Solicit input from students, parents, K-12 education leaders, high school counselors, community organizations, postsecondary enrollment managers, public relations professionals, and other interested individuals to identify an accessible message for the state program and to identify mechanisms to disseminate the message; and
- Develop statewide messaging for K-12 educational staff, postsecondary institutions, community organizations, and other interested individuals that may be used to promote the state program.
- On or before November 1, 2025, the department shall prepare and submit a preliminary status report on the statewide messaging to the education committees of the general assembly and the joint budget committee.
- On or before December 1, 2026 and December 1, 2027, the department shall prepare and submit a status report on the implementation of the state program to the education committees of the general assembly and the joint budget committee.

Staff Observations

Who Qualifies? As described above, staff has sought to ensure that the program is at or below the level already promised by institutions' promise programs. In particular, staff notes that the program is limited to students who receive the maximum Pell grant, graduated high school within the last two years, and attend full time (defined as attending at least 12 credit hours per semester). **This represents a small share of the students who attend postsecondary public institutions.** Based on previously-provided Department figures that were even less restrictive than these provisions, the number of qualifying students presently enrolled at postsecondary public institutions is expected to be less than 10,000.

At the same time, staff the number of K-12 students who could potentially qualify for this program is far larger. Approximately 46.0 percent of students qualified for free and reduced lunch in FY 2023-24. Students who qualify for free lunch typically qualify for a full Pell grant and *most* students who qualify for reduced lunch will also qualify for a full Pell.

The following table shows simplified income thresholds for programs.

PROGRAM	INCOME THRESHOLD AS % OF FEDERAL POVERTY GUIDELINE	ADJUSTED GROSS INCOME FOR FAMILY OF THREE (2025)
Free School Meals	Up to 130%	\$34,645
Reduced-Price School Meals	Up to 185%	\$49,303
Pell Grant (Maximum Award)	225% (single parents), 175% (others)	\$59,963/ \$46,638

Students who qualify for free and reduced lunch are also the **least likely to attend college**. For students graduating in 2023, 35.2% of FRL-eligible students enrolled in college, while 54.8% of their counterparts did.¹

Institutional Response and Questions for the JBC

Staff notes that despite changes to address institutional concerns thus far, some institutions continue to express concerns about the bill. Staff and the Committee received a letter on 4/17 that outlined concerns that the bill:

- 1 “Legislates the fundamental requirements of the programs as mandatory, ceding oversight to the Department of Higher Education, taking the authority and autonomy of institutions to provide what they can afford and continuously execute.
- 2 Removes the ability for institutions to structure and manage these programs as has been done historically, through institutional funds and with careful alignment to campus-specific enrollment and budget realities. This proposed shift limits our ability to maintain long-term financial commitments responsibly and adapt to future changes in state support or institutional capacity.
- 3 CDHE would be able to change guidelines and requirements at any time in the future. The department has never had such involvement in institutional proprietary aid awarding structures.
- 4 Obligates institutions to new data reporting and administrative methods.
- 5 Does not include a clear and consistent definition of a “significant decline” in state funding that would pause or suspend the program. This creates uncertainty not only for our students but also for institutional planning and budgeting.”

Staff is happy to work with institutions on the last three items to ensure that they are more comfortable with the language in the bill. The item raised as #3 below was never the intent of the bill. However, **staff would appreciate JBC guidance on the first two items. In staff’s opinion, it is not clear how the State can make a “promise” that does not include any basic statewide requirements or provisions.**

Staff would also appreciate Committee guidance on the treatment of the local district colleges—Colorado Mountain College and Aims Community College—and the Area Technical

¹https://higher.ed.colorado.gov/publications/Reports/Legislative/PostSecondary/2023_CDHE_Postsecondary_Report.pdf

Colleges in the bill. These entities are not governed by the state but they are part of the higher education funding formula and receive financial aid for students through the state. They would like to be “opt in” to the program rather than mandated. What would the JBC like to do in this regard?



Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee
From: Amanda Bickel, JBC Staff (303-866-4960)
Date: Monday, April 21, 2025 (revised)
Subject: [LLS 25-480 American Rescue Plan Act Funds](#)

Background

ARPA Funds and the Big Swap: In 2021, Colorado received \$3,828,761,790 in federal Coronavirus State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA funds) that were deemed subject to appropriation by the General Assembly. The General Assembly allocated most of the \$3.8 billion in federal ARPA funds during the 2021, 2022 and 2023 legislative sessions in more than 75 bills in six major categories, each of which was associated with one or more cash funds. In addition, \$370.0 million was allocated for flexible use by the Governor.¹

During the 2024 legislative session, Colorado took steps to ensure that the federal funds were expended as quickly as possible—generally by January 2025. Specifically, \$1.6 billion that was at risk of not being expended by federal deadlines was “swapped” for General Fund at the end of FY 2023-24/beginning of FY 2024-25 through [House Bill 24-1466](#). Under the provisions of this bill, the “Big Swap”, federal ARPA funds that were previously allocated to specific ARPA-supported programs were used to refinance state General Fund appropriations for personal services in the Departments of Corrections, Human Services, and Judicial for FY 2023-24 and FY 2024-25. Spending federal funds this way “freed” General Fund to support the programs that were previously supported by the federal funds, as well as providing \$210.6 million in one-time funds that were used toward FY 2024-25 budget balancing.

Anticipated Adjustments to the Big Swap: Programs that were refinanced in H.B. 24-1466 had appropriations that could be used over multiple fiscal years, including at least FY 2023-24 and FY 2024-25. The Governor’s Office could estimate—but could not be certain—which program expenses would be completed in FY 2023-24 versus FY 2024-25 and also could estimate—but could not be certain—which of those expenses would be completed as federal funds versus General Fund (after funds were refinanced). H.B. 24-1466 was drafted so as to avoid having the General Assembly come back into special session. As part of that, programs were authorized to overexpend federal funds in FY 2023-24 if necessary, with related restrictions applied in FY

¹ For additional detail see Appendix D2 of the FY 2024-25 Appropriations Report on the allocation of ARPA funds as well as \$0.6 billion of one-time state General Fund money associated with the same programs.

2024-25 and an expectation that appropriations would be adjusted during the 2025 session to true-up differences in timing and fund sources. *These adjustments were expected to have net \$0 General Fund impacts.*

In addition to these anticipated net \$0 impacts, this bill includes adjustments for under-expenditures and reductions to the size of some programs, providing one-time General Fund relief.

LLS 25-480 Bottom Line: Total Savings in this Bill

As reflected in the Reversions and Recaptures table later in this write-up, this bill realizes \$18,554,351 in federal ARPA funds reversions that occurred at the end of FY 2023-24, along with \$14,938,956 in refinanced funds (General Fund) reversions and recaptures, **for total savings of \$33,493,307 in one-time money that is available to assist with budget balancing.** The federal ARPA funds reversion is unchanged from the data presented by staff in February 2025. The General Fund figure matches the amount shown in the February 2025 presentation (amounts requested by the Governor's Office and recommended by staff) plus an additional recapture of \$950,699 that was approved in the Behavioral Health Administration through the comeback process. This is a recapture of funds originally appropriated in HB22-1281 and refinanced in H.B. 24-1466.

LLS 25-480 – Detail - Types of Adjustments in This Bill

The adjustments in LLS 25-480 fall into three categories:

Anticipated net-zero true-ups: As described above, changes were anticipated to be required during the 2025 session to true-up funding sources for the programs that were included in the big swap. As of the end of FY 2023-24, multiple programs had spent more federal ARPA funds in FY 2023-24 than anticipated, driving various true-up adjustments with a net \$0 fiscal impact.

Accessing Money from Reversions: Through submissions in January 2025 that were further adjusted in February, the Governor's office identified reversions from ARPA-supported programs that only had spending authority through June or December 2024. If money was not expended by statutory and appropriation deadlines, these funds reverted. These reversions included money that had been appropriated as federal funds as well as some money that had been "swapped" for General Fund. For the General Assembly to use these funds for other purposes, various technical changes are needed. These include increasing the size of the "big swap" to trade unspent federal funds for General Fund and transferring amounts that originated from General Fund from cash funds back to the General Fund.

Accessing Money from Recaptures and Other Substantive Changes: The submissions in January and February, as well as subsequent JBC decisions during supplemental presentations and figure setting, included some intentional adjustments to existing ARPA Programs. These included reductions to several programs, as well as authority to roll-forward some funds.

Net Zero Fund Source True-ups

The table below reflects the net-zero adjustments reviewed and approved by the JBC in January. However, for some line items, the total appropriation has been *increased* by \$1.0 to assist the Controller in addressing rounding errors, since the funding splits between money originating as General Fund and money originating as federal funds goes to the level of cents, while appropriations must be rounded to the dollar.

Amendments to Address Over Expenditures						
Agency	State Bill	Appropriation Clause Citation	Transfer Clause Citation	SUM of SLFRF Overexpenditure Amount for Supplemental Adjustment (to JBC Jan 15)	SUM of SLFRF amount After Over Expenditure Adjustment	SUM of GF amount After Over Expenditure Adjustment
CDE	HB22-1243	Section 4 (3)	-	\$259,298	\$1,015,335	\$984,665
	SB22-147	Section 5 (2)	-	\$535,220	\$2,018,639	\$2,981,361
CDEC	HB22-1369	Section 2	-	\$43,725	\$543,725	\$1,456,275
CDHE	SB22-147	Section 5 (1)	-	\$83,749	\$269,680	\$4,330,320
CDHS	HB22-1303	Section 5 (1)(a)	-	\$60,629	\$1,129,244	\$1,430,432
	HB24-1466	Section 50 (1) & (2)		(\$63,182,048)	\$ -	\$ -
CDOT	SB21-260	-	Section 7(7)(a)(I)	\$10,973,582	\$110,473,582	\$49,026,418
CDPHE	HB22-1326	Section 56 (10)	-	\$764,366	\$13,005,366	\$6,694,634
		Section 56 (11)	-	\$279,454	\$1,839,935	\$4,160,065
	SB22-147	Section 5 (3)	-	\$177,250	\$1,011,764	\$488,236
CDPS	SB23-214	PART XVIII (6)(A) Program Administration	-	\$30,226	\$30,226	\$1,779,428
DNR	HB22-1379	-	Section 1(a)(I)	\$32,988	\$32,988	\$2,967,012
DOC	HB24-1466	Section 48 (1) & (2)		(\$11,813,890)	\$312,186,110	\$ -
	SB22-196	Section 12 (5)	-	\$54,778	\$500,652	\$2,499,348
DOLA	HB21-1271	Section 12 (1)	Section 9 (6)(a)(I)	\$3,172,317	\$23,311,117	\$6,688,883
	HB22-1304	-	Section 2 (4)(c)	\$17,522,591	\$29,922,591	\$108,077,409
	HB22-1356	Section 2	-	\$4,630,496	\$32,470,496	\$2,529,504
	HB22-1377	-	Section 2 (5)(d)	\$9,334,873	\$23,354,873	\$43,927,301
	HB22-1378		Section 2 (7)	\$15,360,852	\$15,360,852	\$ -
	SB22-211	Section 4 (1)	-	\$1,027,705	\$1,937,705	\$43,062,295
DPA	HB22-1329	Cap Const. PART I Section (1)(A)	-	\$124,822	\$281,822	\$1,150,603
		Cap Const. PART I Section (1)(B)	-	\$355,062	\$5,059,998	\$2,991,609
		Cap Const. PART I Section (1)(C)	-	\$92,015	\$3,009,760	\$17,985

Amendments to Address Over Expenditures						
<i>Agency</i>	<i>State Bill</i>	<i>Appropriation Clause Citation</i>	<i>Transfer Clause Citation</i>	SUM of SLFRF Overexpenditure Amount for Supplemental Adjustment (to JBC Jan 15)	SUM of SLFRF amount After Over Expenditure Adjustment	SUM of GF amount After Over Expenditure Adjustment
		Cap Const. PART I Section (1)(F)	-	\$1,613,175	\$3,223,075	\$10,703,442
		Cap Const. PART I Section (1)(I)	-	\$702,207	\$5,008,710	\$1,993,282
		Cap Const. PART I Section (2)(B)	-	\$54,407	\$2,744,768	\$614,457
		Cap Const. PART I Section (2)(C)	-	\$497,800	\$1,854,535	\$1,859,884
		Cap Const. PART I Section (2)(E)	-	\$21,782	\$3,156,358	\$787,318
		Cap Const. PART I Section (2)(F)	-	\$372,389	\$660,581	\$1,596,951
		Cap Const. PART I Section (2)(G)	-	\$817,085	\$1,992,887	\$640,610
		Cap Const. PART I Section (2)(H)	-	\$277,484	\$1,717,616	\$1,592,516
		Cap Const. PART I Section (2)(I)	-	\$66,556	\$6,208,073	\$1,387,436
		Cap Const. PART I Section (2)(K)	-	\$585,404	\$3,282,186	\$697,285
		Cap Const. PART I Section (2)(L)	-	\$19,967	\$4,571,665	\$234,335
		Cap Const. PART I Section (2)(N)	-	\$375,312	\$424,282	\$729,141
		Cap Const. PART I Section (2)(Q)	-	\$11,988	\$185,953	\$1,612,802
		Cap Const. PART I Section (2)(R)	-	\$2,580	\$1,482,580	\$ -
		Cap Const. PART I Section (2)(T)	-	\$870,038	\$3,449,196	\$258,868
		Cap Const. PART I Section (2)(U)	-	\$9,316	\$3,041,540	\$1,013,441
		Cap Const. PART I Section (2)(V)	-	\$731,932	\$4,756,856	\$1,951,076
		Cap Const. PART I Section (2)(W)	-	\$257,293	\$1,671,248	\$1,259
		Cap Const. PART II Section (1)(A)	-	\$167,927	\$337,927	\$4,940,950
		Cap Const. PART II Section (1)(E)	-	\$1,057,405	\$2,391,667	\$50,088,593
		Cap Const. PART III Section (2)(D)	-	\$1,378,103	\$2,628,103	\$5,371,897
	SB23-214	Cap Const. PART I Section (2)(F)	-	\$29,306	\$131,563	\$2,410,694
		Cap Const. PART I Section (2)(G)	-	\$123,186	\$2,529,448	\$7,174,697
		Cap Const. PART I Section (2)(W)	-	\$37,299	\$439,299	\$4,169,266

Amendments to Address Over Expenditures						
Agency	State Bill	Appropriation Clause Citation	Transfer Clause Citation	SUM of SLFRF Overexpenditure Amount for Supplemental Adjustment (to JBC Jan 15)	SUM of SLFRF amount After Over Expenditure Adjustment	SUM of GF amount After Over Expenditure Adjustment
Total of Over Expenditures				\$74,995,938	\$636,656,575	\$389,073,984
Total of PS Reductions				(\$74,995,938)		

In addition to the amounts shown, data provided by the Governor's Office indicates a federal funds overexpenditure from the ARPA of 2021 discretionary account (money allocated to the Governor for his flexible use) of \$6,877,231.64. This further reduces the size of the personal services fund swap in FY 2024-25 by this amount, so the *total reduction in the swap is \$81,873,170.*

Reversions, Recaptures, Other Substantive Adjustments

The table below summarizes all adjustments to funding that result in General Fund savings. **The subset of these amounts that are based on JBC decisions to scale back programs, rather than the natural outcome of spending authority that ended, are highlighted.** For all of the items that are highlighted, the JBC took a recorded vote during a supplemental or figure setting presentation. Based on JBC votes, the bill also provides *roll-forward authority* for Community Food Access Program funding in the Department of Agriculture and includes a *repeal* of the Healthcare Workforce Recruitment and Re-engagement Fund in the Department of Public Health and Environment, as well as return of the related funds to the General Fund.

Reversions and Recaptures					
Agency	State Bill	Project Name	Timeline To Spend	SLFRF Reversions+ JBC Action	GF Reversions/ Recaptures + JBC Action
BHA	HB22-1243	Rapid Mental Health Response for Colorado Youth (I Matter)	6/30/2024	0	0
		Rapid Mental Health Response (I Matter) - Awareness Campaign	6/30/2024	37,715	0
	HB22-1281	Rollforward: Substance Use Workforce Stability Grant Program	12/31/2026	0	1,951,839
		Rollforward: Children Youth and Family Behavioral Health Services Grants	12/31/2026	2,928	1,190,285
	SB21-137	Behavioral Health Workforce Development Program: Capacity Grants	6/30/2024	152,361	0
		Jail Based Behavioral Health Services	6/30/2023	0	0
		Community Transition Services for Guardianship	6/30/2023	0	0
		Crisis System for Colorado Residents	6/30/2023	0	0
		County-Based Behavioral Grant Program	6/30/2023	0	0
		Mental Health Treatment for Children/Youth/Families	6/30/2023	0	0

Reversions and Recaptures					
Agency	State Bill	Project Name	Timeline To Spend	SLFRF Reversions+ JBC Action	GF Reversions/ Recaptures + JBC Action
		Substance Use Disorder Treatment for Children/Youth/Families	6/30/2023	0	0
		Community Mental Health Centers-School Aged Children	6/30/2024	131,843	0
		Community Mental Health Centers-COVID 19 PPE	6/30/2023	0	0
		Community Mental Health Centers-COVID 19 Mental Health Services	6/30/2023	0	0
		Behavioral Health Workforce Development Program	6/30/2024	62,493	0
		San Miguel County-Based Behavioral Grant Program	6/30/2023	0	0
	SB22-196	Rollforward: Criminal Justice Intervention Detection & Redirection Grant Program	12/31/2026	0	1,000,000
CDE	SB21-268	Concurrent Enrollment Expansion and Innovation Grant Program	6/30/2023	0	0
CDEC	SB21-137	Early Childhood Mental Health Consultation (ECMH) Evaluation	6/30/2023	0	0
CDHE	HB21-1330	Colorado Opp. Scholarship- Finish What You Started	6/30/2026	1,033,061	0
		Student Aid Application Completion	6/30/2026	6,268	0
		Re-engaged Initiative and Associate Degree	6/30/2024	448,998	0
	HB22-1220	Rollforward: Removing Barriers To Educator Preparation	6/30/2025	4,750,857	0
	SB21-137	Health-Care Professionals Training on Opioid Risks and Alternatives	6/30/2023	0	0
		Incentives and Support for Medication for Opioid Use Disorder (MOUD)	6/30/2023	500	0
	SB21-232	Colorado Opp. Scholarship- Displaced Workers Grant	6/30/2024	674,179	0
		Colorado Opp. Scholarship- Displaced Workers Grant (Alt. Eligibility)	6/30/2024	248,182	0
CDHS	HB22-1259	Expanding Colorado Works Subsidized Training and Employment Program	12/30/2024	149,638	0
	HB22-1380	Expanding Capacity for "Double-Up Food Bucks"	12/31/2024	0	758,448
		LEAP / CBMS Data System Interface	12/31/2024	6,549	1,814,616
	HB22-1386	Adams County Facility Renovation Feasibility Study	12/31/2024	0	334,200
	HB23-1153	Behavioral Health Care Feasibility Study	6/30/2024	10,806	0
	SB21-027	Food Pantry Assistance Grant Program	6/30/2023	0	0
	SB21-137	Residential Placement for Youth with High Acuity Needs	6/30/2023	0	0
	SB21-288	Colorado Mental Health Institute at Pueblo Administrative Staff	12/31/2022	0	0
		Colorado Mental Health Institute Pueblo (CMHIP) Operating Funding	6/30/2023	369,643	0

Reversions and Recaptures					
Agency	State Bill	Project Name	Timeline To Spend	SLFRF Reversions+ JBC Action	GF Reversions/ Recaptures + JBC Action
	SB23-214	Basic Cash Assistance Increase for Colorado Works Households	12/31/2024	109,236	0
		Colorado Benefits Management System Operating Expenses	6/30/2024	254,456	0
CDLE	HB21-1264	Investments in Reskilling Upskilling and Next-Skilling Workers Program	12/31/2026	5,959	0
	HB22-1133	Family and Medical Leave Insurance Fund (FAMLI)	1/31/2025	495,777	0
	SB21-288	Migrant Coordination - Office of New Americans	6/30/2024	121	0
		Reporting Coordination - Funding for term limited position	12/31/2023	191	0
CDPHE	HB22-1326	Fentanyl Test Strips for Rural and Marginalized Communities	6/30/2024	1,301	0
	HB24-1430	Round 2: CTC/EITC Outreach - Prevention Services Division	12/30/2024	163,321	0
	SB21-137	School-based Health Centers: Testing	6/30/2023	4,106	0
	SB21-243	Disease Control and Public Health Response Administration and Staffing	9/30/2022	0	0
		Distributions to Local Public Health Agencies: Payroll	9/30/2022	0	0
	SB22-226	Healthcare Workforce Recruitment and Re-engagement Effort	12/31/2026	0	5,540,000
	SB23-214	Department of Public Health and Environment Revenue Replacement for FY 2023-24	6/30/2024	1,036,246	0
CDPS	HB22-1352	Stockpile For Declared Disaster Emergencies	6/30/2023	25,259	0
	HB24-1197	Immigration Legal Assistance	6/30/2024	3,126	0
	SB21-292	Forensic Nurse Examiner Telehealth Program	6/30/2023	0	0
	SB23-214	Round 2: Integrated Criminal Justice Information System (CICJIS) Linking Project	6/30/2024	901,070	0
		Round 2: Stockpile For Declared Disaster Emergencies	6/30/2024	72,073	1,779,428
DOC	SB21-288	Private Prison Retention Bonuses	5/31/2022	286,000	0
		Department of Corrections Staff Shortage + Booster Incentives	3/30/2022	3,794,117	0
		Court Video Appearances Technology and Staffing	6/30/2023	387,270	0
		Correctional Staffing: Hiring and Retention Support Program	6/30/2023	189,543	0
	SB22-196	Expand Medication Assisted Treatment in Prisons	12/31/2024	0	570,139
DOLA	HB21-1289	Broadband Investments - Middle Mile	12/31/2026	1	0
	HB23B-1001	Special Session Emergency Rental Assistance Program (SLFRF)	6/30/2024	10,322	0

Reversions and Recaptures					
Agency	State Bill	Project Name	Timeline To Spend	SLFRF Reversions+ JBC Action	GF Reversions/ Recaptures + JBC Action
	SB21-288	Administration of Nonentitlement Unit of Local Government (NEU's)	12/31/2022	144,136	0
DOR	SB21-288	Consulting Services	12/31/2023	258,000	0
DPA	HB22-1329	Round 1: Division of Human Resources Stimulus Staffing (FY 2022-23)	6/30/2023	0	0
		Round 1: State Capital Facilities Project Funding	12/31/2026	755,345	0
	SB21-288	State Employee COVID-19 Testing - Administration Funds	10/31/2022	596,882	0
		Statewide Training and Skills Based Hiring Administration	6/30/2023	20,766	0
	SB23-214	Round 2: Division of Human Resources Stimulus Staffing (FY 2023-24)	6/30/2024	44,969	0
		Round 2: State Capital Facilities Project Funding	12/31/2026	1,821	0
HCPF	SB21-137	Screening Brief Intervention and Referral to Treatment (SBIRT) Program	6/30/2023	0	0
JUD	HB21-1329	Eviction Legal Defense Fund Grant Program	12/31/2024	0	0
	HB22-1176	Judicial Department Recovery Officer	6/30/2023	4,697	0
	HB22-1329	IT Infrastructure Upgrades	12/31/2024	67,348	0
	SB21-292	Round 1: Local VALE Fund Grant Program (Non-Profit Victim Assistance)	6/30/2022	0	0
		Round 1: Local VALE Fund Grant Program (Local Gov Victim Assistance)	6/30/2022	0	0
		Family Violence Justice Fund Grant Program	6/30/2022	0	0
	SB22-183	Round 2: Local VALE Fund Grant Program (Non-Profit Victim Assistance)	12/31/2024	3,785	0
		Round 2: Local VALE Fund Grant Program (Local Gov Victim Assistance)	12/31/2024	520	0
OEDIT	SB21-288	Round 1: Recovery Officers Administrative Costs	7/1/2023	294,830	0
	SB21-291	Strategic Fund - Data System Modernization	12/31/2026	1	0
OIT	SB21-288	myColorado COVID Response Initiatives	6/30/2023	535,733	0
Grand Total				\$18,554,352	\$14,938,956

Transfers

The bill includes multiple transfers that support the changes shown in the Amendments to Address Overexpenditures table and the Reversions and Recaptures table, as well as an additional transfer to address refinance of discretionary funds allocated to the Governor. These transfer adjustments are summarized in the table below.

Transfers			
	Transfer federal ARPA funds TO cash fund	Transfer money originating as non-federal funds (state GF) from cash fund TO General Fund	Difference
Behavioral & Mental Health CF	\$2,214,743.32	\$7,261,208.55	\$5,046,465.23
CO Heritage Communities Fund	3,172,316.56	3,172,316.56	0.00
Connecting Coloradans Experiencing Homelessness with Services CF	9,334,872.99	9,334,872.99	0.00
Economic Recovery & Relief CF	5,701,925.48	13,814,989.87	8,113,064.39
Healthy Forests and Vibrant Communities CF	32,988.00	32,988.00	0.00
Local Investments in Transformational Affordable Housing CF	17,522,590.55	17,522,590.55	0.00
Regional Navigation Campus CF	15,360,852.00	15,360,852.00	0.00
Revenue Loss Restoration CF	10,682,066.55	12,461,494.10	1,779,427.55
State Highway Fund	10,973,582.25	10,973,582.25	0.00
Accounts holding flexible Governor Funds (Discretionary Accounts)	*	6,877,231.64	0.0*
Total	\$74,995,938	96,812,126.5	\$14,938,957.17

*Net zero difference is anticipated between these figures, although the bill does not currently reflect a transfer of \$6.877 million federal funds into the applicable Governor's discretionary account.

Federal ARPA funds are recorded as transferred into various cash funds to address previously discussed overexpenditures. For most funds, there is an equal transfer out of the fund from money that originated as General Fund back to the General Fund. However, for programs where there are General Fund reversions or recaptures, the transfer to the General Fund is larger, as this is the mechanism for recapturing the \$14.9 million General Fund shown in the Reversions and Recaptures table.

Mechanics

- The net zero fund source true-ups reduce the size of the “big swap” required for programs in FY 2024-25 by **\$81,873,170**. This additional amount of money was spent as federal funds for ARPA programs and, as a result, the federal funds appropriation for personal services in FY 2024-25 is reduced by this amount. **This entirely eliminates the “swap” in the Department of Human Services in FY 2024-25 (\$63,182,048)**. In addition, the adjustment in the Department of Corrections is reduced by \$136,769. This incorporates differences between the overall reduction in the scale of the swap (\$18.7 million more than the Human Services amount) and federal funds reversions.
- **Reversions** of federal funds (\$18.6 million) that are outlined in the Reversions and Recaptures table are addressed by refinancing the funds to General Fund. This *increases* the amount of federal funds used for personal services in FY 2024-25, which partially offsets the *reduction* of federal funds used for FY 2024-25 personal services that is described in the bullet above.

- **Recapture** of amounts that have been refinanced to General Fund (\$14.9 million) requires transferring amounts from the various cash funds created to hold ARPA funds back to the General Fund. These recaptures are reflected in the Transfers table.



Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee
From: Amanda Bickel, JBC Staff (303-866-4960)
Date: Friday, April 18, 2025
Subject: [LLS 25-1029 Postsecondary Workforce Readiness](#)

Background

During the staff figure setting presentation for the Department of Education, staff recommended that the Committee eliminate several existing programs related to postsecondary and workforce readiness for high school students, including the Accelerated College Opportunity Fee Grant Program, the Career Advisor Training Program, and the Accelerating Students through Concurrent Enrollment (ASCENT) Program. Staff further recommended that the Committee consider setting aside a portion of savings that would result from eliminating the ASCENT program in favor of a new more equitable structure for supporting postsecondary workforce initiatives in high schools.

The JBC ultimately voted to make a Postsecondary Workforce Readiness bill that was already in process a **JBC bill**. The Postsecondary Workforce Readiness bill as originally conceived and now drafted, eliminates multiple existing grant programs and the ASCENT program and replaces these programs with a system whereby most related funding is distributed on a formula basis, with a portion set-aside for grants to help struggling schools launch new initiatives. The JBC also included changes in the Long Bill and sponsored separate legislation to eliminate the Accelerated College Opportunity Fee Grant Program and the Career Advisor Training Program, which represent a portion of the overall restructuring of Postsecondary Workforce Readiness Programs. *The JBC indicated that the overall restructuring from the PWR bill and the related JBC bills should yield total savings of \$9.5 million cash funds. The total includes State Education Fund and some Marijuana Tax Cash Fund money.*

This bill includes provisions for reducing funding for the ASCENT program in FY 2025-26 and eliminating ASCENT in FY 2026-27, as well as eliminating several other existing programs in favor of a new funding structure. It also subsequently voted to make the Postsecondary Workforce Readiness bill that was already in the process of being drafted a JBC bill. This bill included provisions for reducing funding for the ASCENT program in FY 2025-26 and eliminating ASCENT in FY 2026-27, as well as eliminating several other existing programs in favor of a new funding structure.

The bill description included in the bill draft provides a succinct description of bill components. Additional background is included in an attached information sheet provided by the Department of Education.

Anticipated Fiscal Impact of Restructuring – Excluding Issue Identified Below

The table below, developed by the Department of Education, reflects the anticipated fiscal impact of the planned restructuring. These figures are *inclusive* of administrative costs, which, in the bill as currently drafted, are capped at 7.0 percent in FY 2025-26 and 5.0 percent of funding in subsequent years.

Programs	Original Funding Totals Used FY24-25	FY25-26 Updated Totals (Long Bill)	Reduction (Long Bill & PWR Bill)	Total Funding For FY25-26	Total Funding For Start-Up & Sustain
Accelerated College Opportunity Exam Fee Grant Program	\$561,665	\$565,136	-\$565,136	\$0	Eliminated in Long Bill
Career Advisor Training Grant Program	\$1,000,000	\$1,000,000	-\$1,000,000	\$0	Eliminated in Long Bill
Auto Enrollment in Advanced Courses Grant (John W. Buckner)	\$246,276	\$247,914	\$0	\$247,914	This would roll into the seed fund
Career Development Incentive Program (CDIP)	\$9,518,950	\$9,521,670	\$0	\$9,521,670	This would roll into the seed fund
Concurrent Enrollment Expansion and Innovation Grant Program	\$1,476,948	\$1,476,948	-\$1,231,816	\$245,132	This is a placeholder for the balance needed to get to \$9.5 million.
Accelerating Students through Concurrent Enrollment (ASCENT)	\$19,108,884	\$20,808,040	-\$6,703,048	\$14,104,992	This assumes the FY25-26 per pupil rate is reduced to \$7,104 (from \$10,480 for FY25-26) for 1,993 students. In FY26-27, the program would be eliminated and rolled into the sustain fund.
Pathways in Technology Early College High School (P-TECH)*	\$1,106,352	\$1,131,840	\$0	\$1,131,840	No change
Teacher Recruitment Education and Preparation (TREP)*	\$2,561,000	\$2,620,000	\$0	\$2,620,000	No change. This assumes 250 students at the extended high school rate of \$10,480.
TOTALS	35,580,075	\$37,371,548	-9,500,000	\$27,871,548	
Long Bill Total Minus \$9.5 million					27,924,660

	FY25-26	FY26-27	FY27-28	FY28-29	NOTES
P-TECH	\$1,131,840	\$1,106,352	\$1,131,840	\$1,106,352	No changes
T-REP	\$2,620,000	\$2,620,000	\$2,620,000	\$2,620,000	No changes
Seed Funding	\$9,513,980	\$9,513,980	\$9,513,980	\$0	

	FY25-26	FY26-27	FY27-28	FY28-29	NOTES
Buckner Innovation Fund	\$0	\$0	\$0	\$9,513,980	
TECHNICAL ASSISTANCE - SEED/BUCKNER	\$500,736	\$500,736	\$500,736	\$500,736	This assumes an admin percentage of 5% from the ~\$10 million from the consolidated lines making up the seed fund.
ASCENT/Sustain Funding	\$14,104,992	\$13,399,742	\$13,399,742	\$13,399,742	The full amount would be provided in PPR in FY25 -26, and starting in FY26 - 27, there would be 5% set aside for technical assistance (as noted below).
TECHNICAL ASSISTANCE - SUSTAIN	\$0	\$705,250	\$705,250	\$705,250	This assumes an admin percentage of 5% from the \$14.1 million in FY25-26
TOTAL	\$27,871,548	\$27,846,060	\$27,871,548	\$27,846,060	

New Fiscal Impact Issue for JBC Consideration

JBC Staff, LCS Staff, and the Department originally anticipated that \$6.7 million in savings would be available in FY 2025-26 based on capping the ASCENT program rate at \$7,104 for FY 2025-26, instead of \$10,480 per student and that eliminating the ASCENT program would yield \$20.8 million in savings, with the total reinvested in postsecondary workforce readiness programs. These estimates are shown in the table above.

However, that calculation failed to take into account district “hold harmless” provisions included in H.B. 24-1448 (New School Finance Formula) as those provisions are now updated in H.B. 25-1320 (School Finance). Because of these provisions, the net impact of reducing ASCENT program per pupil reimbursements in FY 2025-26 and eliminating the program entirely are less in the near-term than originally anticipated. The table below compares the direct impact of reduced reimbursements for the ASCENT program and the net fiscal impact when school finance hold harmless provisions are included in the calculation, based on Legislative Council Staff models. **As shown, on net, the reductions in FY 2025-26 are anticipated to provide \$2.3 million less in savings in FY 2025-26 and \$3.7 million less in savings in FY 2026-27.** These impacts are the result of the overall school finance formula, rather than a reduction in savings for the specific programs affected. Ultimately, the full savings of eliminating ASCENT will be fully realized as the hold harmless provisions roll-off.

The staff recommendation is that when calculating whether Committee actions result in \$9.5 million in savings this calculation does not include the hold harmless adjustment. However, if the Committee wishes to take this adjustment into account when generating \$9.5 million in savings, this will reduce the money available for PWR programs in FY 2025-26 and future years. Regardless, staff will need to include the hold-harmless adjustment in the appropriation clause for the new bill; the question is whether the JBC makes additional, deeper program cuts to make up for hold harmless impacts.

<u>Total School Finance</u> State Share	HB 1320 without ASCENT change	Impact of ASCENT at \$7,104 in FY 26 & Eliminate in FY 27	Difference
FY 2025-26	5,472,332,721	5,467,886,948	-\$4,445,773
FY 2026-27	5,772,665,396	5,755,546,201	-\$17,119,195
<u>Direct Impact on ASCENT</u> of Proposed changes	Base Funding Estimate (1,986 students x \$10,480	Impact of ASCENT at \$7,104 in FY 26 & Eliminate in FY 27	Difference
FY 2025-26	20,808,040	14,104,992	-6,703,048
FY 2026-27	20,808,040	0	-20,808,040
Difference: Impact of "hold harmless" in school finance			Reduction in Net Savings/Offset in School Finance Formula
FY 2025-26			\$2,257,275
FY 2026-27			\$3,688,845



The bill builds off of feedback and recommendations from the [1215 “Big Blur” Taskforce](#), the [CDE Grants Project](#), and the [PWR Financial Study](#) by consolidating the Concurrent Enrollment Expansion and Innovation Grant Program, the Career Development Incentive Program (CDIP), the Accelerating Students through Concurrent Enrollment (ASCENT) Grant and the John Buckner Auto Enrollment in Advanced Courses Grant program.

Last year, 82 districts – 81 of which were rural or small rural – did not receive any funding from the four programs. The bill expands access to the funding by minimizing the application and reporting burdens and consolidating the existing programs into a two-part “umbrella” program:

- ***Start-Up Fund & John Buckner Innovation Fund - ~\$10 million***

- For the first three fiscal years (FY 25-26, FY 26-27, and FY 27-28), the *Start-Up Fund* would distribute seed funding to districts – via a formula rather than a competitive grant application – to support districts in starting or expanding postsecondary workforce readiness programs.
- In FY 28-29, the funding would transition to the John Buckner Innovation Program and would provide guaranteed funding for schools and districts who are identified through the new PWR measure in the performance frameworks (that is being established in the accountability bill HB25-1278). The program is modeled off of CDE’s Transformation Grant.

- ***ASCENT Transition Year & Sustain Fund - ~\$14 million***

- In lieu of JBC fully eliminating the ASCENT program in FY25-26, the bill reduces the FY25-26 rate to \$7,104 (which is the statewide cost for tuition, books, and fees) before rolling the balance into the “Sustain Fund.”
- Starting in FY26-27, the funding would roll into the “Sustain Fund.” Designed to be a more accessible/expansive version of CDIP, it would provide a prorated reimbursement for outcomes, with minimal burden on districts, within three categories:
 - **~\$2.8 million** would be available for post-secondary credit attainment
 - **~\$6.3 million** would be available for industry-recognized credentials
 - **~\$4.9 million** for work-based learning opportunities
- The eligible list of outcomes would align with the list of “Big Three” outcomes created in the new PWR measure in HB25-1278.

The bill does not make changes to the P-TECH or T-REP programs.

For more information, contact Shelbie Konkell at Konkell_s@cde.state.co.us or at (720)483-2408.