

Joint Budget Committee



Interim Supplemental Budget Requests FY 2025-26

Department of Public Health and Environment

(Administration and Support Division and Environmental
Divisions)

JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Prepared by:
Andrew McLeer, JBC Staff
September 22, 2025

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor • Denver • Colorado • 80203
Telephone: (303) 866-2061 • TDD: (303) 866-3472
<https://leg.colorado.gov/agencies/joint-budget-committee>

Contents

Interim Supplemental Requests	1
ES-2 Emergency Spending Authority for the Community Impact Cash Fund.....	1

Interim Supplemental Requests

ES-2 Emergency Spending Authority for the Community Impact Cash Fund

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$615,483	\$0	\$615,483	\$0	\$0	0.0
Recommendation	0	0	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request	-\$615,483	\$0	-\$615,483	\$0	\$0	0.0

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.] **NO**

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**
[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff and the Department disagree that this request meets the interim supplemental criteria because the issue of the appropriation of FY 2025-26 spending authority for the Community Impact Cash Fund could have been addressed through either the Long Bill Conference Committee process or S.B. 25-265. However, JBC staff and the Department agree that this request is the result of data that was not available to JBC staff at the time the original appropriation was made. At the time the Department made the initial request, the Community Impact Cash Fund had continuous spending authority, although the Committee had contemplated the removal of this authority on February 26, 2025. However, it was not until March 28, 2025, that the Committee approved the draft of Senate Bill 25-265 (Change Cash Funds to Subject to Annual Appropriation), which removed continuous appropriation authority from several cash funds, including the Community Impact Cash Fund. JBC staff was not aware of the total amount approved by the Environmental Justice Advisory Board to be expended from the Fund during the 2025 legislative session.

Request

The Department requests \$615,483 in spending authority from the Community Impact Cash Fund (CICF).

Recommendation

Staff recommends the Committee deny the Department's request based on the assessment that it does not meet interim supplemental criteria, pursuant to Section 24-75-111 (1)(b), C.R.S. However, staff acknowledges that if this request were submitted as a normal supplemental in January, staff would likely recommend approval.

Analysis

The Department is requesting \$615,483 in additional spending authority from the Community Impact Cash Fund. Presently, the Department is appropriated \$1.9 million for the Environmental Justice Grant Program, but expenditures for grants will total \$2.5 million by the end of the calendar year. This funding is needed to meet the grant obligations made by the Department prior to the signing of S.B. 25-265 (Change Cash Funds Subject to Annual Appropriation) into law on April 25, 2025, which removed continuous appropriation authority for the cash fund. Staff agrees that this request meets normal supplemental criteria for three reasons: the change of the cash fund from continuous to annual appropriation, the shorter project cycle causing front-loaded expenditures during the grant period, and the alignment of contracts with calendar year instead of state fiscal year.

Change from Continuous to Annual Appropriation

The Environmental Justice Grant Program is administered by the Department, with the Environmental Justice Advisory Board selecting grant recipients from a pool of applicants. In the current grant cycle, the Board approved ten grants totaling \$3.2 million, which are to be expended over two calendar years (CYs 2025 and 2026). These grants were approved by the Board on March 7, 2025, more than three weeks before the introduction of S.B. 25-265 and approximately seven weeks before it was signed into law.

Emergency spending authority has been made necessary by the change of the Community Impact Cash Fund from continuous to annual appropriation on April 25, 2025. At the time the Board approved grant funding the CICF was continuously appropriated to the Department, and the JBC had not yet approved the bill draft for S.B. 25-265, and so the Board had no reason to extend the funding beyond the end of CY 2025 if the project could be completed by the end of the year.

Project Timeline vs. Grant Cycle

Many of the projects approved by the Board have shorter timelines for implementation, which will cause the grant to be expended more quickly. In aggregate, this causes expenditures to be more front-loaded to the beginning of the grant period. This is reflected in the current grant period, with recipients projected to expend approximately 81.8 percent of the total awarded in the two-year cycle by the end of CY 2025.

Alignment of Projects to Calendar Year

In addition to project timelines not necessarily being conducted over the entirety of a two-year cycle, projects are aligned to the calendar year. The Department reports that this more closely aligns with the fiscal practices of recipient organizations. Given that these grants are aligned to the calendar year, these proposed expenditures would be made before the General Assembly is back in session. Given this timing, the Department requires emergency supplemental action prior to January to meet grant obligations.

Concluding Remarks

The Department requests emergency spending authority because the CICF is no longer continuously appropriated, a status which changed approximately seven weeks after grants were approved by the Environmental Justice Advisory Board. Additionally, the structure of the grant contracts does not constrain the recipient to spending evenly across the two year period, with many grant projects having shorter timelines. Consequently, expenditures for each grant cycle are typically front-loaded, with expenditures tending to be higher earlier in the period. Lastly, the grant funds were awarded on a calendar year basis, requiring distribution before January. Staff agrees that this confluence of factors has created a situation wherein the existing appropriation is insufficient to cover promised grant expenditures by the end of CY 2025, and that this change in status would have been unforeseen by the Board when the grants were awarded.

The Department estimates that the balance of the Community Impact Cash Fund will be \$9.1 million at the end of FY 2025-26, should the Committee approve the request. This will still allow the General Assembly to transfer \$5.0 million to the General Fund in FY 2026-27, as proposed to the Committee by the Governor's Office on August 28, 2025, should the Committee choose to employ this as a budget balancing measure. The Department reports that not approving this request will require the issuance of stop-work orders and/or the renegotiation of grant contracts to delay reimbursements.