



**COLORADO**

Governor Jared Polis

January 31, 2025

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

**Subject: Update to Budget Balancing**

Dear Chair Bridges:

The Office of State Planning and Budgeting is pleased to submit this update to the FY 2024-25 and FY 2025-26 budget requests. This package is in addition to the January 2nd, 9th, and 15th submissions and incorporates the Executive Branch's recommendations on additional budget efficiencies, adoption of JBC reductions, and various other changes. The January 31st, 2025 submission is balanced to the General Fund estimates included in the Office of State Planning and Budgeting's [December 2024 Economic Forecast](#). Attachment A includes our balancing position and a description of the changes included in this letter. Attachment B provides an update on the JBC reductions that have been incorporated into the FY 2025-26 budget. Finally, Attachment C provides a link to the request tables, by fund source and FTE, that comprise this balanced budget.

This January 31st submission is submitted in conjunction with all previous submissions and incorporates select balancing decisions offered by this administration. This package does not incorporate the JBC's actions on supplementals, as adopted on January 28th, 2025. Also, the impact of the federal government's pause on the distribution of all federal funds is not contemplated with this balancing proposal, but I look forward to working with the JBC on plotting the best path forward.

I look forward to our continued collaboration on balancing one of the most difficult budgets in recent years.

Complete details of all requests and tables may be found on the OSPB website:

www.colorado.gov/OSPB

Sincerely,

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

Mark Ferrandino  
Director  
Office of State Planning & Budgeting

CC:

Representative Shannon Bird, Joint Budget Committee Vice Chair  
Senator Judy Amabile, Joint Budget Committee  
Representative Emily Sirota, Joint Budget Committee  
Senator Barbara Kirkmeyer, Joint Budget Committee  
Representative Rick Taggart, Joint Budget Committee  
Craig Harper, JBC Staff Director

Attachments:

Attachment A: Balancing Position & Description of Changes  
Attachment B: JBC Staff Budget Proposals  
Attachment C: Balancing Tables (Online)

Attachment A  
Balancing Position & Description of Changes

| Description                                    | FY 2024-25<br>Enacted<br>Appropriation<br>(4A) | FY 2024-25<br>Supplementals &<br>Balancing<br>Proposals | FY 2024-25<br>Adjusted Total | FY 2025-26<br>Request  |
|--|--|---|------------------------------|------------------------|
| Total General Fund Available for Appropriation | \$20,923,892,549                               | \$121,620,953   | \$21,045,513,502             | \$20,427,709,998       |
| GF Expenditures Subject to the Reserve         | \$15,330,180,449                               | \$137,945,414   | \$15,468,125,863             | \$16,406,174,046       |
| GF Expenditures Exempt from the Reserve        | \$3,490,872,681                                | -\$25,112,651   | \$3,465,760,030              | \$1,601,858,844        |
| Total General Fund Expenditures                | \$18,821,053,130                               | \$112,832,763   | \$18,933,885,893             | \$18,008,032,890       |
| <b>Ending General Fund</b>                     | <b>\$2,102,839,419</b>                         | <b>\$8,788,190</b>                                      | <b>\$2,111,627,609</b>       | <b>\$2,419,677,107</b> |
| Required/Requested Reserve %                   | 15.0%  |   | 15.0%                        | 15.0%                  |
| Required/Requested Reserve Amount              | \$2,314,770,610                                |   | \$2,335,462,422              | \$2,419,676,107        |
| Above/(Below) Reserve Level                    | -\$211,931,191                                 |   | -\$223,834,813               | \$1,000                |

### IT Capital Adjustments

#### DOC Pharmacy System Replacement Budget Amendment IT Capital Request

The Department of Corrections has submitted two requests regarding the replacement of its Pharmacy System. In the November budget submission, DOC submitted its R-03 Pharmacy System decision item, which seeks approximately \$0.8M GF in FY 2025-26 and beyond for licensing and operating expenses to support a new pharmacy system. The new pharmacy system was requested in a zero-dollar January 2nd IT capital submission that would have used 340B savings within existing appropriations to fund the pharmacy system. DOC has determined that the cost of the system would be around \$1.5M. While DOC did generate the savings it discussed in the IT capital request, it repurposed those savings to reduce the General Fund ask in its January 9th medical caseload request. To maintain the original zero-dollar impact of the IT capital request, this submission proposes:

1. Delaying the implementation of the Pharmacy System Replacement from FY 2024-25 to FY 2025-26;
2. Repurposing the \$0.8M GF requested and held in the FY 2025-26 budget through DOC R-03 for the software operating and licensing based on the one-year delay and instead transferring those funds into the IT capital account;
3. Using approximately \$0.3M in existing grants;
4. Reducing the remaining need from DOC's Pharmaceuticals line item and transferring these funds to the IT capital account; and
5. Appropriating the necessary funds in the IT capital budget.

#### CDPHE Stationary Source IT Capital Contingency

The November 1 budget submission for IT capital included a request from the Department of Public Health & Environment for Stationary Sources Solution Modernization. The January 31

submission recognizes the contingency funds necessary to comply with IT capital submission requirements.

#### DOR Tax Credit System IT Capital

The Department of Revenue (DOR) received \$1.5M for the Tax Systems Improvements IT capital project in FY 2024-25. DOR will not be able to implement these improvements for 2-3 years. The Department is currently soliciting for two large IT systems, an Occupational Licensing and Case Management system and a marijuana inventory tracking system. Both of these systems will be implemented by June 2027. The Department's Innovation, Strategy, and Delivery (ISD) team has determined it does not have the capacity to implement a third major IT system during this same time period. This request is to let these funds revert to the information technology capital account to cover FY 2025-26 requests.

### **Fund Sweeps & Reversions**

#### CEO Innovative Energy Fund Sweep

The Innovative Energy Fund was created in 2012 and has a limited allowable use focused on the promotion of innovative programs that use fossil fuels. The Colorado Energy Office (CEO) has not been able to encumber or spend all of these funds due to the limited allowable use and CEO's current statutory mission.

#### CEO Air Quality Improvement Investments (E-Bike CF sweep)

The Air Quality Improvement Investments fund accrued interest on the initial allocation of funding for E-bikes in SB22-193. CEO has necessary authority to spend it on the program, it is above the initial amount allocated which has already been fully encumbered. Given there is now robust support for e-bikes through a tax credit, CEO offers this funding to offset other General Fund needs.

#### DOLA Peace Officers Mental Health (POMH)

The Department of Local Affairs submitted S-01 in the January 2nd, 2025 supplemental submission. The January 31, 2025 submission recognizes the full impact of the \$3.1 million sweep from POMH cash fund.

#### American Rescue Plan Act (ARPA) Reversions

This submission includes the \$4,125,765 in additional ARPA reversions identified across multiple projects that was outlined in OSPB's January 15th, 2025 caseload letter.

### **Caseload Adjustments**

#### DOC Caseload

Per, Section 2-3-208 (3)(b)(I), C.R.S. (2024), the Department of Corrections is required to submit caseload adjustments no later than January 10th of each fiscal year. This budget submission includes the impacts of the January 9th, 2025 caseload submission.

## Community Corrections

On January 9th, the Department of Public Safety withdrew FY 2024-25 S-01 Community Corrections Caseload Adjustment request that was submitted on January 2nd, 2025. In addition, DPS reduced the amount requested in its FY 2025-26 R-05 Community Corrections Caseload Adjustment by \$1.1 million. This budget submission includes the impacts of these actions.

## Revenue & Transfers

### DOLA DOH Cash Fund

The January 2nd request included a Budget Amendment from the Department of Local Affairs, requesting general fund transfers to the Building Codes & Standards Cash Fund (12V0) and Mobile Home Park Oversight Program (MHPA). These transfers were considered necessary to address negative cash flows in both funds that would result in negative balances beginning in FY 2025-26. However, additional revenue from increased fees, as well as actions taken by the Department to reduce program costs, have made General Fund transfers no longer necessary. As a result, the Governor's office is requesting to remove DOLA's BA-02 from JBC consideration.

### CEO R-01 Sustainable Funding for CEO

This submission continues to recognize the impact of the R-01 Sustainable Funding for CEO submitted in the November 1, 2024 budget request, which is now being requested through a non-JBC legislative request. That legislation will include everything that was requested through the now withdrawn R-01 as well as the two new cash fund sweeps mentioned above.

InstaCheck Fee Increase of \$2.50, restoring to \$15 from \$12.50.

This will increase CF revenue for the Department of Public Safety. InstaCheck is the unit within the Colorado Bureau of Investigation (CBI) that runs background checks for firearm purchases. The fee is paid by customers who require name-based background checks related to the purchase, possession, and/or transfer of firearms.

### CDHE Private Occupational Schools Transfer

This submission recognizes CDHE's budget amendment (BA-02) request of \$0.1 million in additional cash fund spending authority for the Division of Private Occupational Schools (DPOS) within the Department of Higher Education. The budget amendment also includes a request to transfer \$0.6 million from the DPOS cash fund to the general fund in FY 2025-26.

### CDOT 260 Transfers / FASTER Fee Reductions

The Governor's November 1st Budget contained two Decision Items for the Colorado

Department of Transportation (CDOT) related to budget balancing measures: CDOT R-03 Reduce S.B. 21-260 Transfers and Extend the Funding and CDOT R-04 Reduce Road Safety Surcharge. Both decision items were submitted to ensure the state could make meaningful investments while maintaining a balanced budget.

This budget update includes a Budget Amendment (BA-01) to modify R-03 and R-04 from the original November 1st Budget Requests. The Budget Amendment proposes that the R-04 Reductions to the Road Safety Surcharge be reduced so the revenue impact is decreased from \$65.1 million to \$21.8 million. Also, if revenue projections decline from the December OSPB projections, the request proposes that the change in the surcharge is reduced by the amount that is equivalent to the change in revenue. These Road Safety Surcharge fee reductions would be limited to FY 2025-26 and FY 2026-27, and would adjust the FASTER formula to keep local cities and counties held harmless. Additionally, CDOT BA-01 proposes that the General Fund Transfers to the State Highway Fund be reduced by an additional \$25 million in each of the next two years, resulting in a total of \$64.0 million in FY 2025-26 and \$49.5 million in FY 2026-27. To maintain the original intended transfers over time laid out in SB21-260, the updated request increases transfers in FY 2032-33 by \$50 million.

The total reduction in revenue and transfers will result in \$85.8 million less in FY 2025-26 and \$71.7 million less in FY 2026-27 available for the Department when compared to current law. The Department will explore a potential Certificate of Participation (COP) financing to offset the short-term impacts of these proposals.

## Other Adjustments

### Marijuana Tax Cash Fund (MTCF) Updated Reduction Proposal

This program was initially funded through House Bill 21-1317, Regulating Marijuana Concentrates, with a \$4 million appropriation in FY 2021-22 to the CU School of Public Health and \$1 million in the following two fiscal years. Instead of sunseting, this program's funding was continued with a \$2 million annual appropriation from the MTCF.

The CU School of Public Health ongoing funding was intended to study and report on any physical or mental health effects of high-potency THC. The Governor's November 1st Budget originally proposed to reduce this appropriation by \$1 million. With significant previous funding being allocated to this program, as well as the challenging balancing outlook for the MTCF, this budget update proposes to fully eliminate the MTCF appropriation for this program in FY 2025-26. Additionally, the Institute of Cannabis Research at CSU-Pueblo provides both research and educational opportunities and is similarly funded, making this program duplicative. The elimination of this appropriation will provide a total of \$2 million of MTCF savings annually to meet other needs from the fund.

### Judicial 1331 Supplemental

In September of 2024, the JBC approved a 1331 emergency supplemental for the Department

of Corrections. This budget submission accounts for the approval of that request and incorporates the impact into its General Fund balancing tables.

Attachment B  
JBC Staff Budget Proposals

Joint Budget Committee staff proposed reductions and revenue enhancements that were presented during the JBC Briefings. OSPB and Departments worked diligently to review these proposals and decide which we could include in this submission. The January 2nd, 2025 submission included an initial list of reductions that were incorporated into the Executive Branch’s budget proposal. This submission includes a revised list of JBC staff proposals that are incorporated into this package. In total, OSPB has included almost \$45 million of balancing proposals in this request. Of those, \$23 million is ongoing and \$22 million is for one time reduction requests.

| Department or Agency | Description  | Amount       |
|----------------------|--|--------------|
| OIT                  | TRPR Sweep Increase  | -\$2,500,000 |
| Agriculture          | Agriculture Management Cash Fund Transfer to GF                                | -\$620,000   |
| Agriculture          | Cervidae Disease Cash Fund Transfer to GF                                      | -\$20,000    |
| Agriculture          | End Rodent Control Cash Fund and Transfer Balance to GF                        | -\$26,511    |
| Agriculture          | Diseased Livestock Indemnity Cash Fund Transfer to GF                          | -\$250,000   |
| Education            | At-risk per pupil additional funding   | -\$5,000,000 |
| Education            | At-risk supplemental aid   | -\$7,009,989 |
| Early Childhood      | Discontinue the Child Care Services and Substance Use Disorder Treatment Pilot | -\$500,000   |
| Early Childhood      | Reduce funding for Child Maltreatment Prevention                               | -\$480,000   |
| Early Childhood      | Reduce funding for Family Resource Centers                                     | -\$150,000   |
| Human Services       | 1% Reduction: Child welfare administration                                     | -\$79,490    |
| Human Services       | TGYS GF Reduction (net reduction of \$500k)                                    | -\$2,500,000 |
| Human Services       | CO Diaper Dist. Program  | -\$1,000,000 |
| Human Services       | DYS contract placements  | -\$200,000   |
| Human Services       | Home Care Allowance contract reduction   | -\$106,326   |
| Human Services       | Child Welfare and Neglect Hotline  | -\$400,000   |
| Human Services       | OAADS administration costs base reduction                                      | -\$26,314    |
| Human Services       | OES administration costs base reduction  | -\$20,088    |
| Human Services       | Parole   | -\$325,000   |
| Human Services       | Regional Centers base reduction  | -\$6,005     |
| Human Services       | Residential placement for IDD youth  | -\$500,000   |
| Human Services       | SSFS Contingency Reserve Fund  | -\$680,000   |



| Department or Agency           | Description  | Amount               |
|--------------------------------|--|----------------------|
| Human Services                 | Child support payment pass-through   | -\$400,000           |
| Human Services                 | Food Assistance Grant Programs   | \$1,000,000          |
| Human Services                 | Remove HB 23-1307 Provider incentives  | -\$440,000           |
| Human Services                 | TANF refinance of GF for basic cash assistance   | -\$2,000,000         |
| Human Services                 | OCFMH 1% admin reduction   | -\$8,359             |
| Human Services                 | OCFMH 1% court services reduction  | -\$88,773            |
| BHA                            | Offender Services  | -\$100,000           |
| BHA                            | SUD treatment CF refinance   | -\$1,000,000         |
| BHA                            | Eliminate Rural Vouchers   | -\$50,000            |
| BHA                            | Eliminate recovery residence certification grant program   | -\$200,000           |
| BHA                            | Eliminate recovery support services grant  | -\$1,000,000         |
| Military Affairs               | Executive Directors Office - Personnel Services line cut   | -\$125,000           |
| Military Affairs               | Western Region One Source - Operating line cut   | -\$75,000            |
| Personnel and Administration   | Supplemental State Contribution Fund Transfer  | -\$5,000,000         |
| Personnel and Administration   | Reduce the State Procurement Equity Program  | -\$250,000           |
| Public Health & Environment    | Community Impact Cash Fund Transfer to GF  | -\$2,500,000         |
| Public Health & Environment    | Reduce administrative funding for the Division of Disease Control and Public Health Response (DCPHR) by 5% | -\$397,321           |
| Regulatory Agencies            | Refinance NP3 Equity Office Realignment  | -\$60,581            |
| Higher Education (NEW)         | Reducing funding for the Center for Substance Use Disorder and CU  | -\$250,000           |
| Natural Resources (NEW)        | Refinance Indirect Cost Recoveries   | -\$650,000           |
| Regulatory Agencies            | Refinance the ALJ Services adjustment  | -\$293,924           |
| Regulatory Agencies (NEW)      | PDMP Cash Fund Sweep   | -\$1,750,000         |
| Regulatory Agencies (NEW)      | Indirect Cost Recovery Fund Sweep  | -\$551,000           |
| Health Care Policy & Financing | Continuous glucose monitoring  | -\$278,683           |
| Health Care Policy & Financing | Prepayment review  | -\$5,604,621         |
| Health Care Policy & Financing | Telehealth Remote Monitoring Grant Program   | -\$500,000           |
| <b>Grand Total</b>             |  | <b>-\$44,972,985</b> |

Attachment C  
Balancing Tables

This attachment is only available online ([link](#) to Google Sheet).