



JBC Staff Comeback Memos

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JBC Staff Comeback

Statewide – ARPA/Refinanced ARPA Funds

JBC Staff: Amanda Bickel, (303-866-4960)

Date: March 18, 2026

Recommendation

Staff recommends transfers to the General Fund from amounts initially appropriated as federal Coronavirus State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA Funds) that are shown in the table below. These funds were refinanced to General Fund pursuant to H.B. 24-1466 (Refinance Coronavirus State Fiscal Recovery Funds) and subsequent legislation. The transfers to the General Fund are from five different funds: the State Highway Fund plus four funds that were originally created to hold federal ARPA funds.

Summary of Staff Recommendations for ARPA Transfers to the General Fund

"Transfer From" Cash Fund	Action to-date	Change to Transfer	Total Transfer	Transfer Components
Behavioral and Mental Health Cash Fund	\$800,000	\$205,850	\$1,005,850	JBC Action HCPF R16 + additional transfers for net reversion from a Judicial project and DOC project
Discretionary Account of ARPA Refinance State Money Cash Fund	26,478,536	0	26,478,536	JBC Action Gov S1 + JBC Action \$9.9M Burnham Yards
Economic Recovery and Relief Cash Fund	1,616,989	357,713	1,974,702	JBC Action SB23-213 CDEC reduction + reversions from expired CDHS & CDHE projects
Revenue Loss Restoration Cash Fund	4,313,188	-227,942	4,085,246	JBC action on DPA capital project reversions + adjustment to remove double count of reversions
State Highway Fund (Dec. Reclassifications)	0	454,876	454,876	Governor's Office federal ARPA expenditures on CDOT projects, driving GF reversions
State Highway Fund (Sept. Reclassifications)	0	295,314	295,314	Governor's Office federal ARPA expenditures on CDOT projects, driving GF reversions
TOTAL	\$33,208,713	\$1,085,812	\$34,294,525	

The table includes both items the JBC has acted on already and additional adjustments shown in the "Change to Transfer" column.

- The total transfers include amounts that reverted because the time allowed for the expenditure has expired, as well as amounts that were offered up by the executive branch as not needed, e.g., because of federal FEMA reimbursements. In some cases (e.g., the Burnham Yards project), the JBC has voted to rescind the money for the project.

- The JBC has taken action on the majority of funding based on executive requests and earlier recommendations by JBC analysts. However, JBC Staff is recommending some additional adjustments for amounts identified by the Governor’s Office that have not yet been brought to the Committee.
- Items in the “Change to Transfer” column:
 - The additional amounts shown were identified by the Governor’s Office as reversions from projects for which funding has already expired.
 - The negative adjustment to the Revenue Loss Restoration Fund transfer is based on a technical correction to previous JBC action in order to remove a double-count.
 - The amounts identified for transfer from the State Highway Fund are based on provisions in state statute that allow the Governor’s Office to spend residual federal ARPA funds on allowable projects with General Fund appropriations. This frees up the related General Fund. The General Assembly added statutory provisions to address situations in which federal ARPA funds that had been obligated/encumbered were never actually expended. The federal government has agreed that these funds may be allocated for new allowable purposes after the December 31, 2024 federal obligation deadline. Spending these extra federal funds on CDOT projects drives savings of money that originated as General Fund in the State Highway Fund. These savings can now be transferred from the State Highway Fund to the General Fund.
- Staff recommends that all of the transfers listed be implemented June 30, 2026, so the impact to the General Fund appears in FY 2025-26.

Additional statutory changes proposed:

- Currently, spending authority for all programs, except money in the Discretionary Account, reverts December 31, 2026. **The recommendation is to extend the time allowed for spending for one project through FY 2026-27:** money appropriated to the Department of Human Services for Capital Construction related to the **Construction of a Neuro-Psych Facility at the Colorado Mental Health Institute at Fort Logan** as authorized in Section 27-90-112, C.R.S. The JBC analyst for mental health programs has noted that this project is far behind schedule but is a priority to complete.
- The Governor’s Office has also **informally requested a 30 day extension of spending authority from the Discretionary Account**, which would allow spending through June 30, 2027, rather than June 1, 2027 to ease the accounting/close of books process. **This is not part of the staff recommendation, but staff recognizes that there may be administrative benefits if the JBC is willing to make this change.**
- Based on JBC Action thus far, staff anticipates that the bill may also include a small number of appropriation changes to align with the votes the JBC has already taken. Appropriation clauses will only be modified for projects for which the spending authority is still active.

Background

ARPA Swap History: In 2021, Colorado received \$3.8 billion in federal Coronavirus State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA funds) that were subject to appropriation by the General Assembly. The General Assembly allocated most of these funds during the 2021, 2022 and 2023 legislative sessions in more than 75 bills in six major categories. In addition, \$370.0 million was allocated for flexible use by the Governor.

During the 2024 legislative session, Colorado adopted measures to spend the federal funds as quickly as possible. 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 and beginning of FY 2024-25 through [House Bill 24-1466](#) (Refinance Federal Coronavirus Recovery Funds). Under the provisions of this bill, federal ARPA funds that were previously allocated to specific programs were used to refinance FY 2023-24 and FY 2024-25 state General Fund appropriations for personal services in the Departments of Corrections, Human Services, and Judicial. The resulting General Fund savings were in turn used to refinance the programs that had previously been supported by federal ARPA funds. The bill also provided \$210.6 million in one-time funds that were used toward FY 2024-25 budget balancing.

Senate Bill [25-312](#) (American Rescue Plan Act Funds) implemented various technical adjustments to the changes authorized in H.B. 24-1366. It also included reductions to some programs previously authorized to use ARPA funds, providing \$33.5 million in one-time savings that were used for FY 2025-26 budget balancing.

ARPA wrap up: Federal law requires that the federal ARPA funds be obligated by December 31, 2024 and expended by December 31, 2026. Because of this, spending authority for virtually all of the one-time initiatives created using ARPA funds ends December 31, 2026.

- The Revenue Loss Restoration Cash Fund, the Economic Recovery and Relief Cash Fund, the Behavioral and Mental Health Cash Fund, and the Economic Recovery and Relief Cash Fund (the ARPA “baby” funds), which are used for most of the programs that were created with ARPA dollars, repeal January 2, 2027. Before this, on December 31, 2026, their contents are transferred to the General Fund.
- The Discretionary Account of the ARPA Refinance State Money Cash Fund, which holds the share of the funds allocated to the Governor for his discretionary allocation to state departments, repeals June 1, 2027, when the balance is transferred to the General Fund. This later deadline was to allow spending for final accounting of the funds, consistent with federal law.

When H.B. 24-1466 (Refinance Coronavirus State Fiscal Recovery Funds) swapped federal funds for state funds in the ARPA “baby” funds, **it left these deadlines in place.**

Status of spending: Based on spreadsheets provided by the Governor’s Office, as of December 31, 2025, the following amounts had not been expended. Some of the unencumbered money will be transferred back to the General Fund through the recommendations included in this memo. The funds are allocated to hundreds of projects, including many capital construction initiatives, and JBC staff has sought to identify options for “taking back” some of these funds where this has appeared viable. For most of these projects, if the money has not been expended by December 31, 2026, the funds will revert to the General Fund.

The encumbered federal funds are generally related to capital construction projects, including at CDOT, DPA, and DNR. They were left in the form of federal funds because of the TABOR impacts to local government recipients. Staff assumes that if these funds are not fully expended, the Governor’s Office will shift unspent money to other allowable uses and generate General Fund savings, as was accomplished through the State Highway Fund changes described earlier in this memo.

Staff has asked the Governor’s Office about the likelihood of reversions, but the Office indicates that it cannot predict these at this stage in the process. However, staff anticipates that some General Fund reversions will be generated during FY 2026-27.

Unspent ARPA and ARPA Refinanced Money as of December 31, 2025

	Encumbered	Unencumbered
General Fund - Legislative Appropriations	\$409,255,095	\$84,060,967
General Fund in Governor's Discretionary Account	5,210,545	70,005,039
Federal ARPA Funds	76,481,402	
Total	\$490,947,042	\$154,066,007

JBC Staff Comeback Education

JBC Staff: Andrea Uhl, (303-866-4956)

Date: March 18, 2026

Part-time Enrichment Funding

During staff figure setting for the Department of Education – Public School Finance and Categorical Programs on February 19th, the JBC expressed interest in taking action on an additional balancing option titled “Part-time Enrichment Funding”. The Committee approved draft legislation for this concept, but did not specify parameters. The information as originally provided in figure setting is below.

Original Analysis

Part-time Enrichment Funding

After reviewing a March 2025 OSPB proposal to adjust a handful of districts' historic enrollment counts as a result of misclassified homeschool enrichment students, staff learned of a potential balancing-related option that would save upwards of \$23.6 million in total program costs annually. This option would align funding for certain part-time students to the number of instructional hours the student actually receives.

To qualify as being enrolled full-time (1.0 FTE), a student must be enrolled in at least 360 instructional hours. However, part-time enrollment (0.5 FTE) only requires a minimum of 90 instructional hours. There are generally four categories of part-time students:

1. Students with disabilities whose Individualized Education Programs call for less than full-time enrollment;
2. Kindergarten students in half-day programs;
3. Students past the age of compulsory education, usually completing a fifth year of high school or a dropout recovery program; and
4. Nonpublic home-based educational programs authorized under Section 22-33-104.5(6)(a), C.R.S., which are commonly known as “enrichment” or “homeschool enrichment” programs.

The Department has anecdotally observed that the first three categories of part-time students are typically participating in approximately 180-instructional hours (half of the required 360 hours for full time enrollment), but that recent audits have revealed that part-time enrichment programs are typically designed to just meet the minimum required 90-hours of instructional time. Historically, the enrichment programs were designed to augment homeschool programming such as enrolling students in courses taken at the “brick and mortar” school – such as advance math courses or band. Over time, the programs have evolved to allow part-time enrollment to take place outside of a “brick and mortar” school.

The enrichment category has grown significantly in recent years. Between FY 2019-20 and FY 2025-26 the Department’s preliminary data estimate that enrollment has grown by more than 110 percent (from 8,780 to 18,494). In FY 2024-25, it accounted for 86.0 percent of all part-time students.

The Department notes that districts do not typically provide the same services and incur the same level of expenditures for those students as regular full-time students. Using preliminary data for FY 2025-26, the Department estimates that aligning part-time enrichment funding at 0.25 PPR (90 hours of instructional hours) instead of 0.5 PPR would reduce total program costs by \$40.2 million annually if adjustments are made to prior year counts, or \$23.6 million annually if no prior year adjustments are made.

January 16th State Board of Education Work Session

Employees from the Colorado Department of Education (CDE) gave a presentation on this subject to the State Board of Education at their January 16th, 2026 work session. The following information is primarily summarized from that presentation.

Background

The legislature sets the annual amounts for per pupil funding in the Public School Finance Act, while the State Board sets the rules and parameters around what qualifies for per pupil funding (including the amount of instructional time required). Through rulemaking, the State Board has determined that at least 360 hours of scheduled instructional time for the fall semester gets full per-pupil funding, while a minimum of 90 hours qualifies for *half* of the per-pupil funding.

- The 90-hour requirement is approximately one hour per day, five days a week, or five hours on one day per week.
- Funding is based on the submitting district’s per pupil rate.
- Half-time funding currently ranges from \$5,520 to \$16,780 per student.

Colorado allows school districts and the Charter School Institute (CSI) to claim 0.5 per pupil funding for homeschool and private school students that access public school for a portion of the day – participating in “enrichment” programs. Part-time funding for those students goes directly to the district or CSI, but can be passed on to a BOCES and/or multiple layers of private entities. It is unclear how many districts keep a portion of the funding prior passing it on to other parties.

The focus of this discussion is on the significant growth in programs that are not directly operated by a district, a CSI school, or a BOCES, but are instead contracted out to private entities or individuals and are not run on district or school campuses. Districts, BOCES, and CSI schools create part-time enrichment programs through the use of a statute generally referred to as the “contracted services” statute¹. They can contract out for services normally provided by the public school, provided that the service is of comparable quality and meets the same requirements and standards that would apply if performed by the school district.

CDE does not currently have a way to enforce the comparable quality requirement in these cases, nor does CDE have a role in approving these programs. The State Board has authority to determine what is fundable as a “public school” and, when it is contracted out to private entities, whether it is comparable to and meeting the

¹ Section 22-32-122, C.R.S.

same requirements as what a district provides directly. However, that question is hard to address for programs contracted out to private persons or entities taking place at a home or various locations in the community. Additional rulemaking will be needed to address this issue.

Enrollment Trends

Based on preliminary FY 2025-26 numbers, public school funding for 18,695 part-time homeschool and private school students costs approximately \$100 million. This includes:

- students physically attending brick-and-mortar public schools with full-time students (e.g. a calculus class),
- students being served directly by “options” programs on school or district campuses that support part-time students,
- students enrolled part-time in online schools, and
- students receiving part-time programming from private individuals or entities.

Anecdotally from audits, growth appears to be mostly in that last category –students receiving part-time public school programming from private individuals or entities. These are the “contracted services.” Enrollment in part-time enrichment programs overall has more than doubled since FY 2018-19.

Enrollment Growth

Item	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Funded Students Overall	869,228	875,697	853,213	851,405	847,645	845,822	845,971	834,617
Part-time Homeschool/Private Students	8,151	8,812	9,725	10,323	12,289	15,808	15,961	18,695
% Change from Prior Year		8.1%	10.4%	6.1%	19.0%	28.6%	1.0%	17.1%

CDE funds school districts and CSI schools according to the number of pupils they submit in the “October count” and later auditing whether the pupils were properly submitted to claim state funding. Examples from the current 2024-25 CDE audit demonstrate a need for greater clarity on what should be fundable as “attending public school for a portion of the day.”

Concerning Examples of Course Schedules

The CDE school finance audit team looks at evidence that 1) the student is enrolled and meets the attendance criteria, and 2) the student had a schedule of classes that adds up to 90 instructional hours for the fall semester. The audit team does not evaluate the quality or comparability requirement. The audit team is seeking clarity from the State Board on what counts as instructional hours. Absent State Board rulemaking on these issues, the audit team is not in a position to weigh in. Examples of where clarity is needed include:

- One-time classes and field trips being used to calculate 90 hours.
- Evening and weekend events being used to calculate 90 hours.
- Submitted time that appears to be extracurricular or athletics—particularly where they look like something that public school families and many homeschool families pay for on their own.
- Courses that are integrated into the private school day—and that may result in an offset in private school tuition for the family.
- Schedules that are flexible and may not represent what the student actually receives for the semester.

The audit team found several schedules that primarily consisted of after-school sports, field trips, one-time classes, and courses such as “Experiential Education – Team Building – Communication Skills”. Slides 22 through 26 of the CDE presentation² demonstrate examples of these types of schedules.

CDE has also raised concerns about part-time enrichment programs that are mixed in with and occur at private schools. Some private schools give their families a discount on tuition if they agree to be submitted to the state for “public school” funding. Some families may not realize they are enrolling in “public school” because the school refers to it with different language (e.g. a publicly funded enrichment program). As a result, the district gets the part-time funding for the student, the district passes along some contractual amount to the private school (or perhaps to a BOCES and then a private school), and the private school gives a discount to the family on their tuition.

Data Limitations

It is difficult for CDE to identify the scope and impact of growth in part-time enrichment programs. While the Department requires districts to identify both part-time enrollment and contract services in the October count data collection, the Department is aware of significant data quality issues with self-reported data.

Because most of the Department’s information comes through the audit process, it is not only incomplete, but also delayed. The Department’s current audit capacity allows it to conduct an audit of selected districts – rather than all districts – each school year. The audit team reviews information and documentation on course schedules, instructional hours, and attendance for a small, representative sample of students. To allow more timely identification of evolving practices, the Department has modified its audit schedule. Previously, the Department would audit five years’ worth of enrollment data, but is now auditing one year’s worth of enrollment data across more districts.

Student count data submitted for the current year shows that 31 districts and the Charter School Institute claimed part-time enrichment students in their October counts, totaling over 18,600 students. Three districts accounted for 64.5% of that total – El Paso District 49, Jeffco Public Schools, and Aurora Public Schools.

Other Considerations

The Department previously estimated that cutting the rate for part-time enrichment students from 0.5 to 0.25 would save around \$23.6 million annually, or up to \$40.2 million if the change is applied to prior year averaging. The Department anecdotally noted that many part-time enrichment programs are designed around the 90-hour minimum, which is a quarter of the required minimum hours for a full-time schedule. And of those 90 hours, some programs are designing course schedules around activities such as sports, field trips, and one-time classes.

After looking into the matter further, staff believes that the potential savings from cutting the rate from 0.5 to 0.25 per pupil is indeterminate. It is unclear how many enrichment programs would continue to operate at the lower funding level, and it is not possible to predict whether students would go back to one hundred percent homeschool or enroll as full-time students in their local districts if their enrichment program closes.

Staff has heard anecdotally that many of the more traditional enrichment programs operating at brick-and-mortar schools or other centralized facilities have higher fixed costs and require closer to true half-time hours.

² <https://ed.cde.state.co.us/cdeboard/meetingarchives-video>

And for programs that offer one subject, such as a trades program, it would not make sense for students to dedicate half of their school time to one subject in order to meet a true half-time (180 hour) requirement.

Recommendation

Given that the State Board has just begun looking into this matter, and that CDE continues to bring forward new data and considerations, staff does not recommend the Joint Budget Committee move forward with legislation to address part-time enrichment funding at this time.

Many of these programs are already starting to enroll students for the FY 2026-27 school year. It is too late for the State Board to go through the rulemaking process for FY 2026-27, therefore FY 2027-28 is the earliest that the situation can be addressed through rulemaking.

If the General Assembly wishes to make changes around part-time enrichment funding sooner or absent State Board action, staff recommends considering the following:

- Specify in statute that half-time (0.5) funding requires at least 135 hours (or 37.5 percent of the full-time requirement) of scheduled instructional time in the fall semester; and
- Create a new category of quarter-time (0.25) funding for programs requiring less than 135 hours.

While still imperfect, the 135-hour threshold would more closely align funding to the hours that programs actually require.

It is staff's impression that addressing what types of activities should be allowed to count towards scheduled hours is more appropriately left up to State Board rulemaking. However, staff can continue to research legislative options for getting at that aspect of the issue if the Committee is interested.