



JBC Staff Comeback Memos

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JBC Staff Comeback Corrections

JBC Staff: Justin Brakke, (303-866-4958)

Date: March 20, 2026

JBC staff's revised recommendations are \$30.6 million General Fund less than the original recommendations.

BA4 Unfunded PERA liability shortfall

The JBC tabled this item pending consideration of JBC staff-initiated 1: Correctional officer shift relief factor. JBC staff is withdrawing their recommendation for that item.

Recommendation for FY 2025-26

Staff recommends approval of the supplemental request, which had been postponed to acquire more information. The request clearly demonstrates a shortfall in the current fiscal year. Unbudgeted overtime appears to be the primary culprit.

Item	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Request	\$3,857,995	\$3,857,995	\$0	\$0	\$0	0.0
Original JBC Staff Recommendation	3,857,995	3,857,995	\$0	\$0	\$0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Revised Recommendation for FY 2026-27

Staff recommends approval of the request on a one-time basis for FY 2026-27. Staff originally recommended denial of this request as a part of a separate recommendation to increase funding for correctional officers (SI1 Correctional Officer Shift Relief Factor). Increasing the shift relief factor purports to reduce overtime, which is a key factor driving the unfunded PERA liability shortfall. The revised recommendation for the unfunded PERA liability assumes the JBC will not move forward with the change to the correctional officer shift relief factor.

Item	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2026-27 Request	\$3,857,995	\$3,857,995	\$0	\$0	\$0	0.0
Original JBC Staff Recommendation	\$0	\$0	\$0	\$0	\$0	0.0
Revised JBC Staff Recommendation	3,857,995	3,857,995	\$0	\$0	\$0	0.0
Revised Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

SI1 Correctional officer shift relief factor

The JBC tabled this item for further consideration.

Item	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2026-27 Request	\$0	\$0	\$0	\$0	\$0	0.0
Original JBC Staff Recommendation	\$29,059,879	\$29,059,879	\$0	\$0	\$0	325.1
Revised JBC Staff Recommendation	\$0	\$0	\$0	\$0	\$0	0.0
Revised Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Revised Recommendation for FY 2026-27

JBC staff withdraws the original recommendation¹ for budget balancing purposes. The primary objective of the original recommendation was to reduce excessive overtime hours, the related burden on both security and non-security workers, and the related expenses that contribute to funding shortages for employee compensation.

Additional information: Reducing overtime as an offset

During the original figure setting presentation, JBC members asked about reducing the *Overtime* appropriation as an offset. The logic being that additional correctional officers should reduce overtime expenses.

The JBC could consider an *Overtime* reduction of about \$10.0 million General Fund to offset the cost of increasing the shift relief factor. Staff could work with the Department to evaluate fiscal year-to-date changes in overtime expenditures during the 2027 legislative session. Furthermore, if the Department is unable to fill all 354.0 positions, which is likely, it could use some of those vacancy savings to pay for overtime.

Additional information about non-security personnel working security shifts

Members of the JBC asked about the data underlying this portion of JBC staff's analysis. The following tables show examples of DOC data that show the number of instances per week that non-security staff are required to work security shift. The tables below show a select number of prisons, but this is occurring at all DOC prisons except for Rifle and Skyline.

Buena Vista

Classification	Security Posting Instances per Week
Case Manager I	2
Case Manager II	1
Teacher	2
Correctional Support Trades Supervisor/ Maintenance	2
Correctional Support Licensed Trade Supervisor	2
	9

Limon

Classification	Security Posting Instances per Week
Case Manager I	6
Case Manager II	0
Teacher	6
Correctional Support Trades Supervisor/ Maintenance	1
Correctional Support Licensed Trade Supervisor	0
	13

La Vista

Classification	Security Posting Instances per Week
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¹ The original recommendation annualized to \$31.6 million and 353.5 FTE in FY 2027-28.

Case Manager I	2
Case Manager II	0
Teacher	2
Correctional Support Trades Supervisor/ Maintenance	2
Correctional Support Licensed Trade Supervisor	0
	6

Trinidad

Classification	Security Posting Instances per Week
Case Manager I	2
Case Manager II	0
Teacher	2
Correctional Support Trades Supervisor/ Maintenance	2
Correctional Support Licensed Trade Supervisor	1
	7

Fremont

Classification	Security Posting Instances per Week
Case Manager I	1
Case Manager II	1
Teacher	1
Correctional Support Trades Supervisor/ Maintenance	1
Correctional Support Licensed Trade Supervisor	1
	5

SI2 Placeholder for community supervision

The JBC tabled this item for further consideration.

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2026-27 Request	\$0	\$0	\$0	\$0	\$0	0.0
Original JBC Staff Recommendation	5,000,000	5,000,000	0	0	0	0.0
Revised JBC Staff Recommendation	\$0	\$0	\$0	\$0	\$0	0.0
Revised Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Revised Recommendation for FY 2026-27

JBC staff withdraws the original recommendation for budget balancing purposes. Staff's original recommendation was not based on any defensible calculation or specific purpose. Rather, it recognized that there are obstacles to releasing inmates who are approved for parole or community corrections. These challenges contribute to prison capacity pressures and would cost some amount of money to address them. It is the JBC and General Assembly's prerogative consider a placeholder or some other funding mechanism for this purpose if so desired.

Management Division – Line Item Detail

The JBC delayed action on the line item detail for the DOC's Management division. The following table reflects the JBC's actions to-date and JBC staff's revised recommendations. Staff will adjust as needed to reflect future JBC decisions and correct any technical errors.

(A) Executive Director's Office	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Personal Services	\$5,324,549	\$5,080,744	\$0	\$243,805	\$0	46.6
Restorative Justice Program	75,000	75,000	0	0	0	1.2
Health, Life, and Dental	101,384,620	99,923,602	1,430,006	31,012	0	0.0
Short-term Disability	321,021	316,948	3,982	91	0	0.0
Paid Family and Medical Leave Insurance	2,063,710	2,037,521	25,603	586	0	0.0
Unfunded Liability Amortization Payments	49,718,211	49,136,227	568,961	13,023	0	0.0
PERA Direct Distribution	9,447,901	9,332,022	115,879	0	0	0.0
Salary Survey	14,864,915	14,675,555	189,360	0	0	0.0
Step Increases	2,599,809	2,561,897	37,912	0	0	0.0
Overtime	33,313,135	33,313,135	0	0	0	0.0
Incentives	5,541,726	5,541,726	0	0	0	0.0
Shift Differential	24,148,340	24,127,854	20,486	0	0	0.0
Workers' Compensation	11,283,198	11,027,069	256,129	0	0	0.0
Operating Expenses	418,939	328,939	0	5,000	85,000	0.0
Legal Services	3,741,449	3,656,607	84,842	0	0	0.0
Payment to Risk Management and Property	13,989,018	13,671,468	317,550	0	0	0.0
Leased Space	7,075,113	6,886,576	183,887	4,650	0	0.0
Planning and Analysis Contracts	82,410	82,410	0	0	0	0.0
Payments to District Attorneys	681,102	681,102	0	0	0	0.0
Payments to Coroners	32,175	32,175	0	0	0	0.0
IT Accessibility	90,043	90,043	0	0	0	0.0
Annual depreciation-lease equivalent payments	659,571	659,571	0	0	0	0.0
Digital trunk radio payments	2,514,617	2,514,617	0	0	0	0.0
Additional prison capacity - Personal Services	0	0	0	0	0	0.0
Additional prison capacity - Operating Expenses	0	0	0	0	0	0.0
Total (A) Executive Director's Office	\$289,370,572	\$285,752,808	\$3,234,597	\$298,167	\$85,000	47.8

External Capacity Subprogram	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
(1) Private Prison Monitoring Unit						
Personal Services	\$1,173,371	\$1,173,371	\$0	\$0	\$0	12.7
Operating Expenses	183,443	153,976	29,467	0	0	0.0
Total Funds - (1) Private Prison Monitoring Unit	\$1,356,814	\$1,327,347	\$29,467	\$0	\$0	12.7
(2) Payments to House State Prisoners						
Payments to local jails	\$9,279,841	\$9,279,841	\$0	\$0	\$0	0.0
Payments to in-state private prisons	83,194,684	80,301,298	2,893,386	0	0	0.0
Inmate Education and Benefit Programs	541,566	541,566	0	0	0	0.0
Total (2) Payments to House State Prisoners	\$93,016,091	\$90,122,705	\$2,893,386	\$0	\$0	0.0
Total (B) External Capacity Subprogram	\$94,372,905	\$91,450,052	\$2,922,853	\$0	\$0	12.7

(C) Inspector General Subprogram	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Personal Services	5,494,294	5,388,061	106,233	0	0	50.8
Operating Expenses	474,045	390,810	83,187	48	0	0.0
Inspector General Grants	207,912	0	0	0	207,912	0.0
Total Funds - (C) Inspector General Subprogram	\$6,176,251	\$5,778,871	\$189,420	\$48	\$207,912	50.8
Total Funds - (1) Management	\$389,919,728	\$382,981,731	\$6,346,870	\$298,215	\$292,912	111.3

JBC Staff Comeback

Human Services

JBC Staff: Emily Pope, (303-866-4961)

Date: March 20, 2026

Human Services Transfer Authority

The Committee approved staff recommendations to limit the Department's authority to transfer General Fund between line items in the Division of Child Welfare and Office of Civil and Forensic Mental Health. The recommendations rebalanced appropriations between line items to more accurately align with recent expenditures.

Child Welfare

In prior years, the Long Bill included a footnote that provided unlimited transfer authority between five line items in child welfare. Staff recommended realigning appropriations with recent transfers, and limiting transfer authority to \$1,000,000. The recommendation was a result of the Department transferring from health, life, dental to support child welfare costs.

The recommendation was intended to align appropriations with actual expenditures and encourage the Department to request funding as needed in these line items, rather than relying on transfer authority to support the child welfare block. However, staff indicated that reducing transfer authority impacts the total funding available for the county close-out process, potentially reducing the funding available for child welfare services if the Executive Branch does not request funding changes.

Counties and Committee members have expressed concern about the potential and unknown impact to counties and children from limiting the transfer authority. Staff continues to recommend limiting transfer authority, but is bringing the concern to the Committee's attention in case the Committee would like to reconsider.

There are different footnotes providing transfer authority in prior Long Bills, including:

- Unlimited transfer authority between five line items in child welfare.
- A maximum of \$1,000,000 can be transferred between contracts for community placements and state operated facilities in the Division of Youth Services.
- A maximum of 5% can be transferred between all line items in the Office of Civil and Forensic Mental Health, except mental health transitional living homes. Staff recommended and the Committee approved reducing this transfer authority to 1% after realigning appropriations with recent transfers.

The Committee may choose to continue unlimited transfer authority in child welfare, or limit transfer authority by a certain amount or percentage to align with transfer authority in other divisions.

Office of Civil and Forensic Mental Health

The prior year's Long Bill included a footnote that allowed the Department to transfer up to 5.0 percent of General Fund appropriations between all line items in the Office of Civil and Forensic Mental Health except the mental health transitional living homes.

The footnote originated from a staff recommendation to reduce mid-year adjustments when appropriations to the OCFMH were significantly lower. The actual amount transferred in FY 2024-25 was 1.3 percent. The staff recommendation as approved by the Committee reduced the transfer authority to 1.0 percent, reduced the forensic community-based services line item by \$1.0 million General Fund, and increased personal services at the Pueblo hospital by \$1.0 million General Fund.

The recommendation to decrease forensic services and increase the appropriation to the Pueblo hospital was based on recent transfers. The Department agrees that a lower transfer authority can be implemented. However, the Department anticipates that expenditures forensic services will increase compared to prior years. Therefore, the Department asks the Committee to consider decreasing the forensic services line by only \$500,000 General Fund, and increasing personal services at Pueblo by an equal amount.

Staff is supportive of the Department's request to keep the lower transfer authority, but adjust appropriations by a lower amount. The lower transfer authority may increase the amount of mid-year adjustments required for the state hospitals. OCFMH will still have the authority to transfer \$2.8 million General Fund between line items to support unanticipated end-of-year expenditures at the state hospitals.

Potential Legislation Updates

The Committee authorized staff to work with counties and the Executive Branch to draft legislation to reduce costs for kinship foster care and adoption and relative guardianship assistance (RGAP). Staff is working on draft legislation, and is providing an update to raise any concerns from the Committee prior to presenting bill drafts.

Kinship Foster Care

Kinship foster care refers to a foster care placement with a relative, or a family-like relationship with the child. Senate Bill 24-008 (Kinship Foster Care) made several changes to kinship foster care. Prior to the bill, kinship families had to pursue certification to receive financial assistance.

The bill created financial assistance for non-certified kinship families, and required the state to reimburse counties 90.0 percent of the cost without limits based on available appropriations. Payments were intended to be paid for by the TANF reserve in FY 2024-25 and FY 2025-26, but transition to the General Fund in FY 2025-26. The Department's base budget request continues to fund payments for non-certified kinship care from the TANF reserve in FY 2026-27.

Staff recommended legislation to eliminate payments for non-certified kinship care in FY 2026-27. The Committee did not approve the recommendation, but asked staff to work with counties to identify a path forward to control costs for the program.

Staff, the Department, and counties all recognize the benefits of kinship care. However, all entities agree that costs are not sustainable in the long term. Therefore, all entities agree that the Committee should pursue legislation to eliminate payments for non-certified kinship care.

Counties and the Department have also indicated that the legislative intent for S.B. 24-008 was to establish kinship as an entitlement, similar to the adoption and relative guardianship assistance programs. Staff recommends including language in the bill draft to make the program subject to available appropriations.

Fiscal Impact

If the Committee approves legislation to eliminate non-certified kinship payments, staff recommends eliminating the TANF appropriation in the base budget and no changes to General Fund appropriations. The Committee may choose to reflect this change in the Long Bill or separate legislation.

The fiscal note does not provide the assumed expenditures for non-certified kinship care in FY 2026-27. Payments were assumed to cost \$8.6 million in FY 2025-26, including \$4.6 million from the TANF reserve and \$4.1 million General Fund. Appropriations for non-certified kinship care are made to the child welfare block.

The Committee could choose to reduce the General Fund appropriation to the child welfare block by \$4.1 million General Fund to align with the costs assumed in the fiscal note. Staff does not recommend reducing the General Fund appropriation because the appropriation is projected to be \$26.9 million General Fund below expenditures in the current year. Staff, counties, and the Department also agree that some families will shift to more expensive financial payments, including certified kinship foster care or RGAP.

Staff and counties assume that actual expenditures for the bill will exceed the estimates provided by the Department in the fiscal note. Counties assume that an increase of \$21.0 million is necessary to support the costs of certified kinship care, which is not addressed in the Long Bill or this proposed legislation.

Adoption Assistance/RGAP Cost Controls

The Committee authorized staff to work with counties and the Executive Branch to draft legislation to reduce costs for adoption and relative guardianship assistance (RGAP). Adoption and relative guardianship assistance (RGAP) provide financial assistance and case services for adoptive and guardian families.

The Department is statutorily required to reimburse counties 90.0 percent of expenditures for the program, and is authorized to over-expend the General Fund appropriation as necessary to provide benefits to all families who qualify. General Fund appropriations for the program have increased 122.3 percent since FY 2022-23, driving the recommendation to control costs.

The Department implemented more consistent access to financial assistance and case services as a result of an audit from the Child Protection Ombudsman. The JBC also sponsored legislation to increase the reimbursement rate to counties and establish the program as an entitlement as a result of the audit.

Executive Proposal

The Department requested legislation to reduce the reimbursement rate to counties to 80.0 percent as part of the supplemental process. The Committee denied the request and asked staff to pursue other cost control

options. Staff asked the Department to provide feedback on options provided by counties, or propose other alternatives.

The Executive Branch continues to request legislation to reduce the reimbursement rate to counties and is not supportive of other legislative options. Staff agrees that this option aligns adoption and RGAP with the reimbursement rates for child welfare capped allocations. However, staff finds that this option does not address underlying cost drivers for the program and therefore does not address the long-term sustainability of the program.

County Proposal

Staff asked counties to prepare cost control options for the program. Counties recommended capping financial assistance payments and removing case services from the entitlement. Caps on financial assistance would vary by youth age as described below.

- **Adoption:** capped at 50.0 percent of foster care rate for youth ages 0-8, 55.0 percent ages 9-13, and 60.0 percent ages 14 and older.
- **RGAP:** 60.0 percent of foster care rate for youth ages 0-8, 65.0 percent ages 9-13, and 70.0 percent ages 14 and older.

Case services include supports that are important to maintaining permanency, such as childcare, tutoring, and behavioral therapies. Counties are concerned that alternatives for these services, including Medicaid, are not exhausted before utilizing the entitlement. It is already a statutory requirement to utilize Medicaid services prior to adoption assistance.

The Executive Branch is concerned that these options will have significant impacts to families without realizing significant General Fund savings. Staff agrees that implementing these changes will impact families, including potentially increasing the number of children who return to foster care after adoption/guardianship.

Staff anticipates that cost controls will revert the programs to inadequate services identified by the audit. However, there is not sufficient funding available to provide all the services needed to all the families who qualify. Implementing cost controls for case services in adoption and RGAP is expected to shift some costs to Medicaid and the child welfare block.

Fiscal Impact

The Department estimates that the cost controls proposed by the counties will have the following fiscal impact in FY 2026-27:

- Eliminate case services: -\$3.8 million General Fund
- Cap financial assistance: -\$938,010 General Fund

The General Fund savings from capping financial assistance are expected to increase to \$2.7 million General Fund in FY 2027-28. These estimates are preliminary and may adjust over time.

General Fund savings from the Department request to reduce the reimbursement rate to counties would be \$5.5 million General Fund in FY 2026-27. This option would be a greater General Fund savings in the budget year, but would shift costs to counties without addressing the long-term sustainability of the program.

Over-expenditure Authority

The Committee may choose to eliminate the over-expenditure authority for the program. This would require the Department to implement cost controls as necessary to stay within the appropriation. The Department may still request additional funding as necessary to provide adequate services, but would have to justify those expenses to the General Assembly.

Staff is concerned that the Department has not demonstrated an ability to accurately forecast costs for the program. Making the program subject to available appropriations will require the Department to justify increasing costs. However, it is unclear what the impact to families may be if the Executive Branch does not request adequate funding for the program.

Staff Recommendation

Staff recommends that the Committee sponsor legislation to cap rates and remove case services from the entitlement as proposed by counties. The Committee may also consider removing the over-expenditure authority for the program as a way to control future costs.

The changes proposed by counties and staff could occur in rule rather than statute. Staff recommends including the changes in statute since the Department has not been supportive of the proposed changes.

Staff further recommends eliminating a statutory reporting requirement. The report was proposed by staff, but has been challenging for staff to access. Staff finds that an RFI, or simply requesting caseload data as needed is preferable to the current statutory report.

JBC Staff Comeback Education

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

Date: March 20, 2026

Modify HSMA Grant/Stipend Program amounts

Some of the information in the staff February 24, 2026 figure setting document about the appropriations required for Healthy School Meals for All (HSMA) grant and stipend amounts was not internally consistent. Staff is therefore clarifying and updating some of these figures from the previous recommendation, which was based on the request.

H.B. 24-1274 modified the statutory provisions for calculating local school food purchasing and wage enhancement amounts so that **they are now based on the most recent actual data on the number of school lunches served (FY 2024-25)²**, rather than being based on a forecast of FY 2025-26 lunches served.

- The total actual number of lunches reimbursed under the HSMA program in FY 2024-25 was 72,574,452.
- Based on both the Legislative Council Staff forecast and the OSPB forecast for March 2026 for HSMA, the grants and stipends will be calculated assuming a reserve that equals or exceeds 35% of the amount required for meals and administration. Under these conditions, statute provides for 12 cents per FY 2024-25 lunch for food worker wages/stipends, with a minimum of \$3,000 per school food authority (SFA), and 25 cents per FY 2024-25 lunch for local food purchasing grants, with a minimum of \$5,000 per SFA.

Grant and Stipend Amounts -- Assuming 35% Reserve Calculation - Healthy School Meals for All Cash Funds

	Per Lunch rate	FY 24-25 Lunches	Revised Recommendation	Previous JBC Action (Request)	Difference
Wage Enhancements	\$0.12	72,574,452	\$8,797,135	\$ 9,108,307	(\$311,172)
Local School Food Purchasing Grants	\$0.25		18,253,845	18,898,681	(644,836)
Local School Food Purchasing Technical Assistance Grant			5,000,000	5,000,000	0
Total			\$32,050,980	\$33,006,988	(\$956,008)

² Statutory provisions refer to “two school years prior”.

Additional Information: Projection of HSMA Revenue Available for Legacy School Food Programs and SNAP Under Revised Forecast

Under current law, Legislative Council Staff is required in March to:

- Identify the portion of State Education Fund revenue that is attributed to Proposition MM for transfer to HSMA on July 1.
- Make calculations about the reserve available as a percentage of the amount required for meals and administration, since this drives the amount available for grants and stipends.³

As described to the JBC during the March forecast, the HSMA revenue forecast has *increased*. *Legislative Council Staff and JBC Staff agree that FY 2026-27 end-of-year reserves, even after allowing for the highest levels of grants and stipends, will exceed 35.0 of the amount required for meals and administration.* The table below reflects the combination of data provided by LCS staff and the Department (budgeted amounts) for the required calculation.

Staff has **also** included a calculation if the JBC proceeds with the changes to transfers to and from the State Education Fund. (Bill that is being redrafted, based on Committee direction.) **As shown, if the JBC’s HSMA-SEF transfer bill is enacted, the total available in HSMA reserves will still far exceed the 35 percent threshold that provides for the highest level funding for grants and stipends.**

Please note that LCS is far higher than OSPB in its overall projection of HSMA revenue: \$88 million higher for FY 2025-26 and \$43 million higher for FY 2026-27 from MM, LL & FF revenue; plus, OSPB does not include SEF transfers. LCS shows \$269.3 million is available for SNAP, while OSPB shows \$119.6 million is available. If the JBC uses the OSPB forecast, staff will return with an updated spreadsheet.

Healthy School Meals for Projection - Legislative Council Staff

	FY 25-26	FY 26-27 Current Law	FY 26-27 with JBC Bill
Start of Year Balance	\$29,083,324	\$189,060,163	\$189,060,163
Revenue			
Prop MM Revenue (LCS)	64,949,754	95,000,000	95,000,000
Prop FF/LL Revenue (LCS)	<u>238,045,999</u>	<u>202,246,577</u>	<u>202,246,577</u>

³ Section 22-82.9-211 (1)(c), C.R.S., states “...The reserve calculation shall independently be computed for subsections (3)(c) to (3)(g) of this section [grant/stipend distribution amounts, based on reserve levels] by legislative council, in consultation with the department, and based on the relevant projections in the March economic and revenue forecast prepared by legislative council staff. The computation of the reserve calculation for each of subsections (3)(c) to (3)(g) of this section [grant/stipend distribution amounts, based on reserve levels] shall result in a percentage equal to the anticipated balance in the fund as of the beginning of the fiscal year plus any additional money that will be deposited in or transferred to the fund over the course of the fiscal year minus the estimated amount of money expended by the department for the purposes described in subsections (3)(a) and (3)(a.5) of this section [allowed uses of HSMA money, including HSMA and SNAP] in accordance with the subsection of this section for which the reserve calculation is computed divided by the estimated amount expended by the department for the purposes described in subsections (3)(a)(I) and (3)(a)(V) [meals and administration] of this section in accordance with the subsection of this section for which the reserve calculation is computed.

	FY 25-26	FY 26-27 Current Law	FY 26-27 with JBC Bill
Subtotal w/o SEF	302,995,753	297,246,577	297,246,577
Prop MM-Generated SEF (LCS)[1]	\$0	\$11,942,145	
SEF transfer related to FY 26 (LCS)		\$4,920,436	
Transfer to SEF from HSMA July 1, 2026			-\$31,066,831
Subtotal - revenue	302,995,753	314,109,159	266,179,746
Expense - HSMA only			
Free School Meals	\$142,500,000	\$148,200,000	\$148,200,000
Admin (inc biennial audit start 28)	518,914	1,290,080	1,290,080
Grants & stipends	0	32,050,980	32,050,980
Subtotal - HSMA expense	\$143,018,914	\$181,541,060	\$181,541,060
Change - revenues less HSMA expense	\$159,976,839	\$132,568,099	\$84,638,686
Total - EOY Balance before SNAP/repayments	\$189,060,163	\$321,628,262	\$273,698,849
Minimum Reserve (35% meals + admin of less than 1.5%)		\$52,321,528	\$52,321,528
Excess reserve available for SNAP, legacy school food programs, other [2]		\$269,306,734	\$221,377,321
EOY Final Balance Before any SNAP or Legacy School Food Program allocation	\$189,060,163	\$321,628,262	\$273,698,849
Reserve Calculation			
Current EOY reserve estimate		\$321,628,262	\$273,698,849
Meals and Administration		\$149,490,080	\$149,490,080
Reserve as Percentage of Meals and Admin		215.2%	183.1%

[1] These funds are transferred to the HSMA Cash Fund

[2] The JBC has authorized drafting for a bill that will refinance some legacy school nutrition programs with HSMA



JBC Staff Comeback

Department of Education

JBC Staff: Amanda Bickel, (303-866-4960)
Date: March 23, 2026

Healthy School Meals for All Forecast Using OSPB Forecast

Because the JBC has chosen to use the OSPB forecast for the General Fund, this is also the forecast that will be used for Healthy School Meals for All (HSMA). In this case, the OSPB forecast is far **lower** than the LCS forecast.

Forecast Revenue Comparison

	FY 2025-26			FY 2026-27		
	OSPB	LCS	OSPB above/ -below LCS	OSPB	LCS	OSPB above/ -below LCS
Prop MM Revenue [1]	\$38,900,000	\$64,949,754	-\$26,049,754	\$95,000,000	\$95,000,000	\$0
Prop FF/LL Revenue	176,030,000	238,045,999	-62,015,999	159,660,000	202,246,577	-42,586,577
Total	\$214,930,000	\$302,995,753	-\$88,065,753	\$254,660,000	\$297,246,577	-\$42,586,577

[1] For both forecasts, only \$95M is available from Prop MM in the first full fiscal year (FY 2026-27) based on the ballot language

Staff has met with LCS and OSPB about the differences.

- Both teams note that the HSMA revenue stream has been—and continues to be—extraordinarily difficult to predict. LCS and OSPB used different approaches to predict the revenue and this resulted in very different results, but neither forecasting team feels that the other's approach was unreasonable.
- Broadly speaking, LCS looks at the HSMA revenue that has come in to-date compared to the same time in prior years and forecasts the balance of revenue on that basis. The OSPB forecast is based on the projected number of qualifying taxpayers and the average revenue per taxpayer anticipated for the year. There also appears to be some differences in the two teams' assumptions for how much revenue is accrued in FY 2025-26 versus FY 2026-27. LCS generally attempts to mirror OSPB's approach, but there may have been some discrepancies in assumptions that affected the calculations this year. The teams are looking at this.
- For Proposition MM revenue—just as for Proposition FF revenue—*there will be no actual data on related taxpayer filings until March 2027 and that picture will remain muddy until November 2027, after higher*

income taxpayers have filed their delayed returns. Since Proposition MM revenue is capped at \$95M, this does not affect FY 2026-27 revenue that can be used, but it does affect the FY 2025-26 half-year accrual.

- As noted above, Proposition MM revenue is capped at \$95 million, based on the ballot initiative language adopted by voters. **OSPB currently forecasts that during the first full year of fiscal revenue for Proposition MM (FY 2026-27), the (uncapped) revenue will be \$108.74 million. The LCS revenue forecast for Proposition MM revenue is \$131.9 million.**

Healthy School Meals for Projection - OSPB

	FY 25-26	FY 26-27 Current Law	FY 26-27 with JBC Bills Sent to Draft
Start of Year Balance	\$29,083,324	\$100,994,410	\$100,994,410
Revenue (OSPB forecast)			
Prop MM Revenue	38,900,000	95,000,000	95,000,000
Prop FF/LL Revenue	<u>176,030,000</u>	<u>159,660,000</u>	<u>159,660,000</u>
Subtotal w/o SEF	214,930,000	254,660,000	254,660,000
Prop MM-Generated SEF	\$0	\$11,942,145	\$0
SEF transfer related to FY 26	0	\$4,920,436	0
Transfer to SEF from HSMA July 1, 2026	0	0	-\$31,066,831
Subtotal - revenue	214,930,000	271,522,581	223,593,169
Expense (JBC action/staff recommendation)			
Free School Meals	\$142,500,000	\$148,200,000	\$148,200,000
Admin (inc biennial audit, approved adjustments)	518,914	1,290,080	1,290,080
Grants & stipends (includes recommended change)	0	32,050,980	32,050,980
Subtotal - HSMA expense	\$143,018,914	\$181,541,060	\$181,541,060
Change - revenues less HSMA expense	\$71,911,086	\$89,981,521	\$42,052,109
Total - EOY Balance before SNAP/repayments	\$100,994,410	\$190,975,931	\$143,046,519
Minimum Reserve (35% meals + admin of less than 1.5%)		\$52,321,528	\$52,321,528
Excess reserve available for SNAP, legacy school food programs, other		\$138,654,403	\$90,724,991
SNAP administration (JBC Action to-date)		\$37,346,852	\$37,346,852
Legacy School Food programs (JBC Action estimate)		3,071,741	3,071,741
End of Year Balance	\$100,994,410	\$150,557,338	\$102,627,926
Reserve Calculation			
Current EOY reserve estimate		\$150,557,338	\$102,627,926

	FY 25-26	FY 26-27 Current Law	FY 26-27 with JBC Bills Sent to Draft
Meals and Administration		\$149,490,080	\$149,490,080
Reserve as Percentage of Meals and Admin		100.7%	68.7%