



JBC Staff Comeback Memos

Contents

Early Childhood (Phoebe Canagarajah)	2
R3 Universal Preschool Program increase	2
Early Intervention Audit	2
BA1 Local Leads consolidation	5
Additions to RFIs	5
Labor and Employment (Phoebe Canagarajah).....	7
Staff-initiated Qualified Apprenticeship Intermediary Grant Cash Fund Sweep.....	7
Public Safety (Michelle Curry)	9
Revenue to Motor Carrier Safety Fund and HUTF Refinance	9
Backfill federal funding for DHSEM Programs	10
General Fund Reduction in Administration	10
Health Care Policy and Financing (Eric Kurtz).....	12
BA7f Nonwheelchair transport	12

JBC Staff Comeback

Early Childhood

JBC Staff: Phoebe Canagarajah, (303-866-2149)

Date: March 24, 2026

R3 Universal Preschool Program increase

Original Staff Recommendation

Staff recommended, and the JBC approved, an increase of \$1.9 million General Fund and \$12.4 million increased spending authority from the Preschool Programs Cash Fund (PPGM). Under the December OSPB forecast, this dropped the cash fund’s reserve to 8.9%.

Updated Staff Recommendation

Staff updates its recommendation based on OSPB forecasts of a 2.3% inflation rate (instead of 2.6%) and its forecasts for PPGM revenue. Based on the OSPB March 18th forecast, staff recommends an appropriation of \$1,463,331 General Fund. This is \$439,000 lower than the original staff recommendation due to lower than projected inflation. Staff recommends taking that entire decrease from General Fund.

Staff recommendation for PPGM appropriations does not change. The OSPB forecast puts the anticipated FY 2026-27 year-end reserve at 13.0%, above the desired 10.0%.

Preschool Programs Cash Fund Performance - OSPB Forecast

Category	FY 2025-26	FY 2026-27 (est.)	FY 2027-28 (est.)
Year Beginning Fund Balance	\$58,022,110	\$47,815,890	\$27,591,281
Forecasted Revenues	211,700,000	202,500,000	226,400,000
Total Funding Available	\$269,722,110	\$250,289,289	\$253,991,281
Expenditure - Recommendation	\$221,906,220	\$222,724,609	\$222,673,784
Year End Balance	\$47,815,890	\$27,564,680	\$31,317,497
Reserve - Recommendation	22.7%	13.0%	15.5%

Early Intervention Audit

The central decision for the Committee is whether it is interested in funding an audit of the Early Intervention program, which would cost \$500,000 General Fund, or if it would rather have the Department provide information in an RFI.

The Department and OSPB’s comeback supported an Early Intervention performance audit. The Department indicates its contracts provide them the information requested, and that they are in the process of analyzing this information themselves. However, the Department is supportive of the audit and would share its existing

research with the entity contracted to perform the audit. To finance it, the Department and OSPB proposed reducing an additional \$500,000 General Fund from FY 2025-26 Early Intervention appropriations.

If the Committee is interested in the audit, staff recommends taking the \$500,000 General Fund reduction from FY 2026-27 Early Intervention appropriations. It is more likely that FY 2026-27 has additional General Fund under-expenditure, whereas taking an additional reduction from FY 2025-26 appropriations risks the Department coming back with a 1331 supplemental request.

Staff has discussed the audit idea with Early Intervention stakeholders, and notes for the Committee's awareness that brokers are concerned with the administrative burden that may be involved. They also note that auditing costs without researching longitudinal return-on-investment would not show the entire picture of EI investment benefits to inform budget decisions. Finally, brokers note complexity in calculating nuanced cost-per-child estimates, and how an auditor would define relevant factors and inputs.

While those concerns are reasonable, JBC staff believes that an independent, third-party audit would return quicker and more reliable information, and promote transparency in Early Intervention financing. However, a secondary option is to have the Department accelerate and publish its findings on a cost-per-child analysis through a Request for Information. However, staff notes that information gained may be limited given capacity in the Department, and that this may be a longer and iterative process.

The original audit proposal is copied below.

i. Informational: Early Intervention audit

Purpose

Staff wants to gauge the Committee's interest in pursuing a performance audit or evaluation of the Department's Early Intervention program.

Staff brings this item to the Committee as an informational item for discussion, rather than a recommendation, as there is information staff does not know that could impact the timing, cost, and effectiveness of an audit.

Audit Proposal

Staff proposes a one-time \$500,000 General Fund appropriation to the Office of the State Auditor and a bill for a performance audit or evaluation of the Department's Early Intervention (EI) program.

The audit will likely **not** result in immediate cost savings, but it could provide needed information to control costs moving forward. It would recommend improvements to the State's EI budgeting, financial management, and funding, as allowable under Colorado's constitutional landscape.

The Problem

Caseload and budget projections variation for EI over the past year highlight two core budgeting challenges:

1. Inability to accurately forecast the budget, based on inaccuracies in forecasting caseload and service utilization, and how those relate to costs
2. Lack of information on how to best deploy limited financial resources to serve all eligible families

While the Department has made improvements in caseload and service utilization forecasting, it cannot accurately define costs-per-child to project costs. This is in part because the Department **may not** have visibility into the rates brokers pay to subcontractors, the types of services utilized, how payment for services could vary between service and broker, or each brokers' payments from Medicaid and other insurance.

In addition, there may be models of how to bill private insurance or otherwise ensure an equitable and efficient distribution of financial resources from how other states implement EI, that are applicable to Colorado.

A Solution

One way to solve these problems is a performance audit or evaluation of EI, that includes reviewing other states' best practices and makes recommendations for EI program budgeting improvements. Staff estimates this could cost \$500,000 General Fund based on costs from other audits. The audit would start in FY 2026-27 and take about one year to complete, with results available in FY 2027-28 to inform FY 2028-29 EI budget requests.

The audit could have the following parameters:

- The Office of the State Auditor will contract with an independent auditor/evaluator to do a **performance audit or evaluation** of
 - Individual brokers' financial records, which the brokers **are/would need to be** required to maintain and make available to the Department, including:
 - Reimbursements to subcontractors per-service and total per-subcontractor reimbursement
 - Services provided through the EI program, and cost-per-service as well as cost-per-child
 - How many service units are provided by in-house staff versus subcontractors, and the related costs of those services per unit
 - A breakout of subcontractor and service reimbursements by funding source (i.e. Medicaid, private insurance, state General Fund, federal funds, and any other sources)
 - Internal Department financial and operational records to administer EI
 - Department contracts/agreements with the brokers
 - When separate from brokers, individual evaluators' financial records to provide EI evaluations, which the evaluators **are/would need to be** required to maintain and make available to the Department
 - Other states' best practices for billing and financially managing their EI programs, to the extent they have such programs. This aspect of the audit/evaluation would attempt to collect information on:
 - Other states' models for ensuring an equitable and efficient distribution of financial resources
 - How other states use other federal funding sources to cover EI services, particularly as federal funds are the payer of last resort
 - How other states ensure private insurance billing for EI
 - How other states contain costs for EI
 - How do other states forecast their costs for EI
 - Any other best practices useful in assessing Colorado's EI program

BA1 Local Leads consolidation

Original Staff Recommendation

Staff recommended, and the Committee approved, a reduction of \$0.3 million total funds and 4.0 FTE, including \$0.1 General Fund and \$0.2 from the Preschool Program Cash Fund. The staff roles shift from supporting Early Childhood Councils and Local Coordinating Organizations to supporting expanded quality initiatives in the Department's proposal. The Committee also approved a footnote and RFI.

Updates to Staff Recommendation

Staff recommends the following updates to the footnote and RFI. The footnote adjustment ensures Local Coordinating Organizations can access funding the Early Childhood Council line item, if decided by the Department. The RFI ensures more clarity on the Department's plan bringing Universal Preschool Program enrollment in-house, as well as their plans for quality initiatives.

Footnote:

N Department of Early Childhood, Partnerships and Collaborations, Early Childhood Councils – The General Assembly intends that this amount not be used for the Department's internal operations, but be allocated to Early Childhood Councils and Local Coordinating Organizations.

Request for Information:

N Department of Early Childhood – The Department is requested to submit annually, on or before September 1, a report to the Joint Budget Committee on current issues in the state's child care provider quality system and how the Department's strategic plan for making improvements. This includes updates on the Department's refresh of the Colorado Shines Quality and Improvement Rating System (QRIS), progress in implementing quality standards for the Universal Preschool Program (UPK) and developing and expanding the Quality Resource Bank, and ways that quality initiatives for UPK, Head Start, and CCCAP ~~are being~~ can be aligned, including across QRIS, the UPK Quality Resource Bank, and the Professional Development Information System (PDIS) ~~are being aligned~~. The Department is also requested to share information on the distinct roles that early childhood councils local leads and the Department will play in advancing quality statewide. Finally, the Department is requested to update the Committee on the transition of UPK enrollment from local leads the Department, including the number of families how access the Department directly for UPK enrollment and the number of families who go through early childhood councils or local coordinating organizations for UPK enrollment.

Additions to RFIs

Based on OSPB informational comebacks, staff recommends the following edits and additions to Requests for Information from the Department of Early Childhood.

Staff recommends the following **NEW** requests for information:

N Department of Early Childhood, Early Learning Access and Quality, Child Care Assistance Program – The Department is requested to submit annually, on or before November 1, a report to the Joint Budget

Committee concerning its plan to operate the Colorado Child Care Assistance Program within existing federal appropriations. The requested report should include the following information: (a) counties that have shifted in and out of waitlists and freezes; (b) the number of additional families and children taken off of waitlists and freezes; (c) updates on the Department's progress to finalize and implement new CCCAP rules and what those rules contained; (d) updates on the CCCAP Allocation Committee's considerations to changes in fund allocation to counties; (e) updates on identified ways to make state policy align with minimum federal requirements for CCCAP operating, and (f) policy and programmatic changes to target CCCAP services to families and children most in need.

Comment: Staff recommends this RFI because the Department's information comeback on a plan for the Colorado Child Care Assistance Program did not show an established plan.

Staff recommends **MODIFYING** the following RFIs (modifications underlined):

N Department of Early Childhood -- The Department is requested to submit annually, on or before November 1, a report to the Joint Budget Committee concerning federal Child Care Development Funds. The requested report should include the following information related to these funds for the actual, estimate, and request years: (a) the total amount of federal funds available and anticipated to be available to Colorado, including funds rolled forward from previous state fiscal years; (b) the amount of federal funds expended, estimated, or requested to be expended for these years by Long Bill line item and program/initiative; (c) the amount of funds expended, estimated, or requested to be expended for these years, by Long Bill line item and program/initiative where applicable, to be reported to the federal government as either maintenance of effort or matching funds associated with the expenditure of federal funds; and (d) the amount of funds expended, estimated, or requested to be expended for these years that are to be used to meet the four percent federal requirement related to quality activities and the federal requirement related to targeted funds. An update to the information on the amount of federal funds anticipated to be available and requested to be expended by Long Bill line item should be provided to the Joint Budget Committee annually on or before January 15. The Department is also requested to report on the amount of CCDF for quality activities that goes to providers, Early Childhood Councils, and internal Department initiatives and staff.

JBC Staff Comeback

Labor and Employment

JBC Staff: Phoebe Canagarajah, (303-866-2149)

Date: March 24, 2026

Staff-initiated Qualified Apprenticeship Intermediary Grant Cash Fund Sweep

Original Staff Recommendation

Staff recommended, and the Committee approved, sweeping the end-year unexpended and unobligated balance of the Scale-Up Grant cash fund and Qualified Apprenticeship Intermediary (QAI) Grant cash fund. Staff estimated this would be \$409,458 from QAI and \$409,458 from Scale-Up. The Department comeback indicates this would actually be \$915,822.07 from QAI and \$1.1 million from Scale-Up.

OSPB Comeback Request

The Department and OSPB request a change to the QAI sweep, to sweep a specified amount of \$397,970.79 instead. The Department has finalized awards to start in April 2025 totaling \$0.4 million as well as projected FTE costs of \$0.1 million.

The Department and OSPB did not comeback on the sweep of Scale-Up Grant cash funds.

Updated Staff Recommendation

Staff realized it is better that the transfer bill specify amounts to transfer from both the Scale-Up Grant cash fund and the Qualified Intermediary Grant Fund, to avoid amounts that the Department recently awarded as grants from being avoided in the sweep. Additionally, JBC staff did not consider FTE costs in the proposed sweep. Specifically, staff recommends sweeping:

- \$1,057,001 from the Scale-Up Grant
- \$796,959 from the QAI Grant – this involves the Department ending 4 finalized awards that have not yet become active

Both transfers would support FY 2025-26 balancing.

Staff also recommends not adjusting cash fund appropriations in the Long Bill, as previously recommended, to give the Department flexibility to spend down remaining cash fund balances in FY 2026-27 for FTE and remaining grant awards. Under staff's updated recommendation, this would be \$485,537 from the QAI grant cash fund.

Department/OSPB Comeback and Staff Updated Recommendation

Item	Scale-up Sweep	QAI Sweep	Total Sweep
OSPB Comeback Request	\$1,057,001	\$397,971	\$1,454,972
Updated Staff Recommendation	1,057,001	796,959	1,853,960
Difference (Staff to OSPB)	\$0	\$398,988	\$398,988

Additional Information

Staff differs from the OSPB comeback through sweeping \$0.4 million of QAI cash funds that would have gone towards new grant awards that the Department has finalized. The amounts and organizations are listed below.

QAI grants support qualified apprenticeship intermediaries who connect employers to registered apprenticeship programs or develop registered apprenticeship programs themselves.

New QAI Grant Awards

Expenditure	Amount
Get On Your Feet DBA Fortified Academy	\$99,988
Jefferson County	100,000
Trailhead Institute	100,000
Workforce Colorado Rural Alliance	99,000
Total	\$398,988

The Department projects the \$118,863 in FTE costs to close out \$485,537 in active QAI grants in FY 2026-27.

JBC Staff Comeback

Public Safety

JBC Staff: Michelle Curry, (303-866-2062)

Date: March 24, 2026

Revenue to Motor Carrier Safety Fund and HUTF Refinance

During the Department’s Figure Setting presentation, the Committee approved legislation that would increase revenue to the Motor Carrier Safety Fund to cover the costs of motor carrier safety enforcement. Additionally, the Committee approved Staff recommendation to deny a General Fund refinance of HUTF to cover the cost of salary survey.

Department Comeback

During the OSPB comeback presentation, the Department requested the following adjustments to staff recommendation:

1. Suspend legislation to change revenue in the Motor Carrier Safety Fund;
2. Direct the balance of that fund to the Colorado State Patrol’s Records Utilization Upgrade (RUU) Capital IT project;
3. Direct the excess balance of the Motorcycle Operators Safety Training (MOST) Fund to the RUU request; and
4. Balance the remaining HUTF need with a reduction to the appropriation for the Colorado Auto Theft Prevention Authority.

Staff Recommendation

Staff recommends approval of the Department’s comeback request. Staff further recommends that the Committee reverse the following HUTF reductions that were approved during the figure setting presentation.

Recommended Reductions to HUTF Appropriations

Line Item	Requested HUTF Appropriation	Recommended HUTF reduction
Communication Program	\$13,157,021	\$660,000
Operating Expenses	11,836,522	600,000
Ports of Entry	10,681,263	540,000
Vehicle lease payments (within the EDO)	10,346,549	510,000
State Patrol Training Academy	3,576,089	180,000
Information Technology Asset Maintenance	2,986,020	150,000
Overtime	2,470,384	125,000
Payments to OIT (Within the EDO)	1,980,396	100,000
Motor Carrier Safety and Assistance Program Grants	1,056,180	53,000
Aircraft Program	457,254	23,000

Line Item	Requested HUTF Appropriation	Recommended HUTF reduction
Hazardous Materials Safety Program	449,119	23,000
Total	\$59,542,224	\$2,964,000

Staff notes that by reversing these reductions, the total appropriation of HUTF will meet the maximum 6.0 percent increase of appropriations. This means that there will no HUTF available for 2026-27 supplemental requests.

Additional Considerations

Staff had initially recommended that funds from the MOST fund be transferred to the General Fund. By accepting OSPB's comeback, the Committee would have \$2.0 million less one-time General Fund revenue in the approved cash fund transfer bill. Staff recommends keeping legislation that would convert the fund to annual appropriations rather than continuous.

Backfill federal funding for DHSEM Programs

During the figure setting process, the Committee approved only backfilling funding for FTE employed by the Department at the time of the request. The Department comeback includes funding for vacancies filled after publishing the request as well as for 8.0 new FTE. This is a reduction from their original request for 15.0 new FTE.

Recommendation

Staff recommends backfilling the three filled vacancies described by OSPB.

Year 1: an increase of \$237,690 General Fund

This increase includes funding for reported salaries including PERA and FICA; standard operating expenses; and associated indirect costs. This number has been confirmed with the Department as the total requested to backfill these particular positions. Staff presumes that this level of funding would maintain operations in the Division.

If the Committee is concerned about supporting local agencies, staff recommends backfilling the \$1.4 million of lost EMPG funds that would have been passed through to support local emergency managers.

General Fund Reduction in Administration

During the figure setting process, the Committee approved a reduction of \$1.0 million General Fund from the Personal Services line within the Administration subdivision in the EDO. The Department requested restoration of this reduction.

Recommendation

Staff recommends restoring the General Fund and reducing the cash fund appropriations to eliminate the empty spending authority identified by the Department. This would result in a reduction of \$745,657 cash funds and \$1,048,198 reappropriated funds from the line.

Additionally, staff recommends transferring \$1.0 million from the Department's Indirect Costs Excess Recovery Fund to the General Fund to offset the change. This transfer could be included in the Committee's larger transfer bill.

Analysis

During the Department's comeback presentation, they indicated that unspent cash funds and reappropriated funds in this line are a result of non-existent revenue or revenue that should only be used as direct support for programs. While Staff agrees with the concept of this justification, it cannot be verified with existing information in the current budgeting time constraints. Staff can only presume that the Department's statement that the reduction would directly lead to 10+ employee separations is accurate.

Staff notes that the Department has included spending from their Indirect Costs Excess Recoveries Cash Fund in their indirect cost plan for the next two fiscal years. Transferring cash from the fund would likely require the Department to reassess their plan. Staff would like the opportunity to work with the Department over the interim to better understand their indirect cost methodology and ensure alignment between fund sources and support services administered.

JBC Staff Comeback

Health Care Policy and Financing

JBC Staff: Eric Kurtz, (303-866-4952)

Date: March 24, 2026

BA7f Nonwheelchair transport

Since the JBC's original action and after the OSPB comeback, the Department provided more recent information about non-emergency medical transportation (NEMT) utilization that results in a higher forecasted savings.

In addition, the Department completed a 10-state comparison of rates and developed a benchmark that could form the basis for a third option for the JBC.

NEMT nonwheelchair pickup rate (codes A0100 & A0120)

Item	Rate	Total Funds	General Fund	Hospital Provider Fee	Federal Funds
Current rate	\$36.40	85,109,640	25,442,545	17,112,275	42,554,820
JBC action - original estimate	\$4.00	-52,128,472	-15,674,567	-10,389,669	-26,064,236
JBC action - revised estimate	\$4.00	-69,443,854	-20,759,439	-13,962,488	-34,721,927
OSPB comeback - revised estimate	\$19.67	-35,857,892	-10,719,303	-7,209,643	-17,928,946
10-state benchmark	\$12.40	-51,439,892	-15,377,362	-10,342,584	-25,719,946

Current rate

The Department currently pays a pickup fee of \$36.40 for NEMT services when the client does not need a wheelchair. The pickup fee is only one component of total compensation for NEMT providers. The other major component is a mileage rate of \$2.80 per mile.

JBC action – original estimate

The JBC approved the staff recommendation to lower the pickup rate to \$4.00. This better aligns the pickup rate with the maximum rates allowed by the Public Utilities Commission for large market taxi carriers in the 10 most populous counties. The PUC allows large market taxi carriers to charge \$3.50 as a pickup fee and \$2.80 per mile.

The original estimate was that a \$4.00 pickup fee would save \$52.1 million total funds, including \$15.7 million General Fund.

JBC action – revised estimate

Based on the new utilization information from the Department, the JBC staff now projects that the \$4.00 pickup rate original approved by the JBC will save \$69.4 million total funds, including \$20.8 million General Fund. This is more savings than the original estimate and the new staff recommended amount.

OSPB comeback – revised estimate

OSPB proposed a pickup rate of \$19.67. This removes targeted rate increases for NEMT since June 2022 (it does adjust the rates for common policy changes).

Based on the new utilization information from the Department, the JBC staff estimates that a \$19.67 pickup rate will save \$35.9 million total funds, including \$10.7 million General Fund. This is slightly more than the savings listed in the OSPB comeback document of \$34.1 million total funds, including \$10.2 million General Fund. The OSPB comeback included the new utilization data but did not adjust for the forecasted growth in FY 2026-27.

The comeback argues that the PUC taxi rates are not an apples-to-apples comparison with NEMT.

The Department argues that NEMT transportation involves higher no-show rates and extended wait times compared to taxis. Notably, the Department has not provided any data comparing no-show rates and wait times for NEMT services versus taxis. The Department says taxis can charge a no-show fee and charge for wait time (within limits) but NEMT providers cannot.

The Department argues that NEMT requires more assistance with scheduling and trip management than taxi services. NEMT services are typically scheduled three days in advance, and the Department says the scheduling is often by phone, rather than electronically. The Department says NEMT drivers sometimes help with loading and unloading from door to door. To the JBC staff, three days of advance notice sounds like a scheduling advantage for NEMT providers. There is no reason NEMT cannot be scheduled electronically. The sporadic assistance door to door sounds like nominal additional driver time for NEMT providers.

The Department expressed concerns about whether the proposed rate is sufficient for rural communities. Again, the Department did not provide any data that operating costs are higher in rural communities. The Department says deadhead miles are longer. This sounds likely, but the JBC staff suspects that the live miles traveled are also higher for the same amount of driver time. The net impact might be lower or higher reimbursement and the JBC staff cannot evaluate the impact without more data. The Department says it would be possible to pay a rural modifier, but that would require rate development and federal approval.

Finally, the Department argues that Medicaid program requirements for documentation and billing are more administratively burdensome for NEMT providers than equivalent requirements for private taxis.

10-state benchmark

Since the original request and the comeback, the Department developed a \$12.40 benchmark for the pickup rate based on a comparison with 10 other state Medicaid programs. The JBC staff still recommends a \$4.00 pickup fee, but the benchmark analysis provides a new option, should the JBC find some of the arguments in the OSPB comeback compelling.

The Department's benchmark is \$12.40 for A0120 and \$13.97 for A0100. The two codes provide nearly identical services but A0120 is for vans and mountain area transports while A0100 is for standard vehicles. Colorado pays the same rates for both codes and almost all of the billing is under A0120, so the JBC staff provided a cost estimate based on the lower benchmark for the more frequently billed code.