



JBC Staff Comeback Memos

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JBC Staff Comeback

Office of the Governor

JBC Staff: Andrew McLeer, (303-866-4959)

Date: March 25, 2026

Transfer from the Decarbonization Tax Credit Administration Fund to the General Fund

Recommendation

Staff is recommending a transfer of \$6.1 million from the Decarbonization Tax Credit Administration (DTCA) Cash Fund (Sec. 24-38.5-120 (2), C.R.S.) to the General Fund. This transfer will assist in balancing the budget while maintaining sufficient liquidity for the Colorado Energy Office (CEO) and Department of Revenue (DOR) to administer remaining decarbonization programs.

Analysis

Established under House Bill 23-1272, the DTCA Cash Fund was designed to provide the Colorado Energy Office and the Department of Revenue with the resources necessary to manage a suite of clean energy tax incentives. The fund is primarily supported by diversions of oil and gas severance tax revenues, as specified in Section 39-29-108, C.R.S. Historically, the fund has been subject to statutory transfer of unexpended balances to the General Fund at the close of the fiscal year, a mechanism intended to prevent the accumulation of excess revenue beyond the cost of administering the tax credit. However, the diversion of this tax revenue to the fund ends in FY 2026-27, with the balance of the fund intended to support the program until December 31, 2036.

Staff recommendation for this transfer is based on information obtained from the Office of State Planning and Budgeting, with the Office indicating that projected revenue will be \$6.1 million above the projected expenditures for the remainder of the DTCA program. This transfer will assist in budget balancing while ensuring the DCTA has sufficient revenue for the remainder of the program's lifespan.

JBC Staff Comeback

Department of Local Affairs

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

Date: March 25, 2026

Transfer from Local Government Backfill Cash Fund

The Division of Property Taxation (DPT) notified staff that there is \$16,747 available in the Local Government Backfill Cash Fund that can be transferred to the General Fund. If the money remains in the fund, DPT will have to send reimbursement checks to local governments in amounts as small as \$1.

The Local Government Backfill Cash Fund was created by S.B. 24-233 (Property Tax) to distribute \$10.3 million to non-school district local government entities that had a decline in assessed value from the 2022 property tax year to the 2024 property tax year. H.B. 24B-1001 (Property Tax) allowed for a similar reimbursement mechanism for property tax year 2025 but did not allocate additional money to the Local Government Backfill Cash Fund. DPT distributed the entire balance for property tax year 2024 reimbursements. However, \$16,747 of interest accrued in the fund. A strict reading of statute¹ directs DPT to distribute this amount to non-school district local governments, reduced proportionally. This amount represents 0.04 percent of the \$47.8 million calculated cost of full reimbursements and would result in local governments receiving minuscule payments. DPT has requested this balance be included in the cash fund to General Fund transfer bill, as it is not worth the administrative burden to distribute the funds. Staff agrees, and recommends the Committee add this transfer to the omnibus transfer bill.

¹ Section 39-3-211 (5)(a.5), C.R.S.

JBC Staff Bill Update

Education

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

Date: March 24, 2026

Bill for Technical Fix to S.B. 25-315 (Postsecondary Workforce Readiness)

Staff recommends that the previously-approved bill draft to provide a technical fix for SB 25-315 Postsecondary Workforce Readiness Start Up funds **not** travel with the Long Bill. This bill is not as urgent as staff originally believed, and certain issues need to be resolved about the best way to amend the bill. If the appropriate path becomes clearer, staff will bring a bill draft for JBC consideration after Long Bill introduction (likely when the JBC reconvenes for Long Bill conference committee).

JBC Staff Comeback

Human Services

JBC Staff: Tom Dermody, (303-866-4963)

Date: March 24, 2026

R5 TANF state policy changes (OSPB Comeback #40) [legislation]

During staff's figure setting presentation on February 25th for the Department of Human Services, the Committee delayed a decision on the *R5 TANF state policy changes* decision item, pending a comeback. JBC staff, the Department, and OSPB engaged in discussions about areas of agreement and differences after the figure setting presentation. OSPB presented the Department's comeback on March 18th. This comeback includes several requests, including:

1. pause for two years the cost-of-living adjustment (COLA) applied to the TANF basic cash assistance payments;
2. add a new Request for Information directing the State and Counties to coordinate and submit additional expenditure data to the Committee annually on January 1;
3. create a new Basic Cash Assistance (BCA) lint item to manage its appropriation at the state level as requested while remaining open to continued discussion;
4. develop and explore a plan to address the structure of TANF reserves utilizing lessons learned from other states;
5. remove the requirement for the General Fund to backfill the state Long-term Works Reserve (LTR) along with removing the requirement for the LTR to backfill county reserves to the 15.0 percent floor as requested;
6. eliminate the state and county reserve minimums in statute, while still allowing the state to maintain a reserve minimum administratively; and
7. eliminate the requirement that counties offer extensions beyond the 60-month federal maximum provisions, while ensuring counties are still allowed the option to offer extensions.

Staff agrees with and recommends the comeback requests, except for #3.

Structural Change to BCA Appropriation

The Department proposes creating a separate appropriation for BCA payments and managing the funds at the state level, rather than the current county-level management. The appropriation for BCA payments is currently part of the County Block Grant line item. Disentangling the BCA from the County Block Grant line item does not change total program costs. The change moves \$103.3 million total funds, including \$14.9 million General Fund

and \$88.4 million federal TANF funds from the County Block Grant appropriation to a new line item that exclusively supports BCA expenditures. The \$46.7 million total funds remaining in the County Block Grant line item will be allocated to counties for administration, supportive services, and contracts.

The Department believes this method would stabilize BCA funding and mitigate the risk of payment disruptions if a county's reserves fall below their 15.0 percent floor, or a dollar value of \$19.8 million. All BCA benefits to clients would be paid by the state, similar to Adult Financial programs, instead of being debited against each county's allocation. The Department contends that the current BCA payment method leads to counties with higher caseloads facing greater pressure on their TANF allocations, while also making small counties more vulnerable to slight caseload changes. A complicating factor with the department's proposal is that statute pegs the county reserve² floor to the County Block Grant appropriation. Absent statutory changes, the dollar value of the county reserve floor would drop to \$6.6 million.

The shifting of BCA management to the state will reduce the flexibility afforded counties in managing their responsibilities. Counties are able to respond to monthly caseload changes in BCA and supportive services using their combined allocation. They have expressed concern that this change in management of BCA payments could result in many counties not having enough TANF funds to support case management services, local supportive services, diversion payments, or county-directed transfers to the child care and child welfare block grants.

² For the purposes of this document, county reserves are discussed in aggregate unless otherwise noted.

JBC Staff Comeback

Human Services

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

Date: March 25, 2026

Child Welfare Transfer Authority

The Committee previously discussed options to limit transfer authority in the Division of Child Welfare. In prior years, the Long Bill has included a footnote that provides unlimited transfer authority between five line items that total \$280.5 million General Fund in FY 2026-27.

- Training (\$3.5 million General Fund, 7.0 FTE)
- Foster and Adoptive Parent Recruitment, Training, and Support (\$1.0 million General Fund, 2.0 FTE)
- Hotline for Child Abuse and Neglect (\$2.4 million General Fund, 6.0 FTE)
- Child Welfare Services “The Block” (\$233.6 million General Fund, 0.0 FTE)
- Family and Children’s Services “Core Services” (\$44.4 million General Fund, 0.0 FTE)

The Training, Foster and Adoptive Parent Recruitment, and Hotline line items include FTE and can therefore receive transfers from centrally appropriated line items like Health, Life, and Dental. In FY 2024-25, the Department transferred \$3.3 million from centrally appropriated line items to the Hotline, which has 4.4 FTE. A total of \$4.3 million was then transferred from the Hotline to the Child Welfare Block.

This transfer made more funding available for child welfare services. However, this transfer would not be expected to be acceptable in a different department for a different purpose. Staff is concerned that transfer authority granted in the Long Bill has allowed the Department to leave structural issues with their base budget unaddressed rather than submitting budget requests.

Staff initially recommended rebalancing these line items to align with recent transfers, and limiting transfer authority to \$1.0 million General Fund. The Committee and counties have expressed concern about the potential impact limited transfer authority would have on the county close-out process and consequently the services available to vulnerable children.

Staff recommends that the Committee include two footnotes in the Long Bill:

1. Continue allowing unlimited transfers between Child Welfare Services (The Block) and Family and Children’s Services (Core Services).
2. Limit transfers between Training, Foster and Adoptive Parent Recruitment, Hotline, and Child Welfare Services to \$1.0 million General Fund.

The recommendations will continue to allow the greatest level of flexibility between the capped allocations. Limiting the transfer authority from line items with FTE will limit the Department’s ability to utilize centrally appropriated line items for this purpose.

Recent Transfers

Line item	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY21 to FY25 Average
Hotline	\$950,917	\$0	\$968,249	\$302,957	\$4,285,124	\$555,531
Training	2,960,018	0	227,716	84,054	97,661	817,947
Foster recruitment	136,730	0	72,792	345,262	68,715	138,696
Total	\$4,047,665	\$0	\$1,268,757	\$732,273	\$4,451,500	\$1,512,174

The Committee has already approved adjustments to decrease the appropriations to these line items by \$775,000 and increase Child Welfare Services by an equal amount. Staff therefore assumes that the recommendation to limit transfer authority to \$1.0 million exceeds recent actual transfers by \$262,826. The Committee may choose to allow transfers if a greater amount to allow additional flexibility for county close.

Addition to BHA Repeal Bill

The Committee approved repeal of the High Risk Families Cash Fund as part of figure setting for the Behavioral Health Administration (BHA). Staff was anticipating that the repeal would be included in the general transfers bill. However, the Office of Legislative Legal Services has advised that the repeal be included in legislation the Committee approved to repeal several BHA programs.

The Committee has already approved a draft of the BHA repeal bill for introduction. Staff can bring the draft back to the Committee when this addition is made if preferred.

JBC Staff Comeback

Healthcare Policy and Financing

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

Date: March 25, 2026

PBT Alternatives

The Committee received proposals for reductions to Pediatric Behavioral Therapies (PBT) during figure setting for the Department of Health Care Policy and Financing. The Committee asked staff to review the proposals and do a comeback to provide a recommendation. The proposals assumed \$5.9 million in General Fund savings and included:

1. Stricter enforcement of commercial coverage requirements.
2. Implement Indiana’s approach to comprehensive ABA therapy management.
3. Establish a working group focused on PBT cost growth sustainability.
4. Ensure access to care through parity of PBT rate cuts.

The Department does not agree that the proposals address findings of the OIG audit on PBT billing in Colorado. Staff would prefer for the Department to prioritize establishing and enforcing policies that directly address audit findings. The General Assembly may choose to consider options like a working group as part of separate legislation related to ABA and PBT.

Advocates have also withdrawn support of the alternative proposals to avoid stacking reductions for PBT. Staff therefore recommends that the Committee does not proceed with the proposals. No action is necessary from the Committee to implement this recommendation.