

## **CACTE 2021 Final Legislative Report and Federal/State Budget Updates**

### **First Regular Session of the 73<sup>rd</sup> Colorado General Assembly**

#### **General Overview**

The General Assembly convened on January 13<sup>th</sup> for the start of the First Regular Session of the Seventy-Third General Assembly. This year the start of the session was anything but typical. The legislature initially met for three days only so they could swear in newly elected members and pass 7 essential bills before going into a temporary recess due to COVID rates skyrocketing. After a 30-day recess, the legislature returned to the Capitol in the middle of February to continue the legislative session. Because the state was under a declared health emergency, they were able to take this break because of last year's Colorado Supreme Court decision that ruled during the exceptional circumstance of a public health disaster emergency only "working calendar days" count toward the 120-day constitutional limit placed on the legislative session.

The second and more substantive part of the 2021 legislative session began with Governor Polis laying out his agenda to make investments that were intended to create good jobs and provide training for workers to give our economy a boost in order to help our state recover faster and stronger. This included tax relief and loans for small businesses, bolstering key industries like tourism and renewable energy, adding more support to K-12 and higher education, and making prompt investments in our main streets and housing projects that were deemed 'shovel ready'. Specifically, Polis called for repairs and upgrades for roads across the state, including the Eisenhower Tunnel. He also gave his support to the legislature's effort to find new innovative ways to fund transportation projects, but also said he would like to see a reduction in vehicle registration fees. The Governor also wanted to prioritize an investment of more than \$100 million in broadband so every area of the state can seize new opportunities.

The 2021 legislative session ultimately ended on the evening of June 8<sup>th</sup> with many of the goals outlined by Governor Polis in February having been accomplished. In total there were 623 bills, 54 resolutions, and 49 memorials introduced during the 2021 legislative session. The Governor has until July 8 to sign, veto or allow bills to become law without his signature.

Below you will find a summary of major legislation pertinent to you, an overview of the state budget, an overview of the federal stimulus, and information on the 2021 interim and year-round committees meeting.

#### **K-12 and Higher Ed Finance**

##### **SB21-268 School Finance**

**Sponsors:** Sens. Zenzinger and Lundeen/Reps. McCluskie and McLachlan

**Status:** Signed by the Governor, June 11, 2021

This bill is the 2021 School Finance Act that sets funding levels for Colorado's 178 school districts and makes technical, administrative, and funding changes to a variety of education-related programs.

**Base per pupil funding:**

- The bill increases base per pupil funding for FY 2021-22 by \$141.67 to \$7,225.28, which reflects a 2% inflation rate.

**Budget stabilization factor:**

- The bill decreases the budget stabilization factor by \$481.4 million
  - Reduces it from \$1.05 billion in FY 2020-21 to \$571.2 million in FY 2021-22.
  - For FY 2022-23, the bill specifies that the budget stabilization factor cannot exceed the FY 2021-22 level.

**At-risk Definition and English Language Learners:**

- The bill modifies programs for students who are at risk of suspension or expulsion to instead apply to students who are at risk of dropping out due to chronic absenteeism and disciplinary issues.
  - It specifies the support that districts may provide to those students, including that the district may contract with other government agencies to provide training and support to employees who support those students.
- Changes the definition of at-risk pupils by adding those pupils eligible for reduced-price lunch under the federal school lunch program and removing the subset of English language learner (ELL) pupils currently included
- Adds a new ELL factor to the funding formula for all non-fully proficient ELL pupils;
  - This factor is calculated as 8% of preliminary per pupil funding multiplied by ELL enrollment
  - Makes conforming changes to the calculation of district total program funding, minimum per pupil funding, and the minimum per pupil funding to reflect ELL factor funding, as well as to align funding for charter schools.
- The bill continues provisions that allow a charter school that switches authorizers to receive at-risk funding based on the formulas that applied prior to the change in authorizer.

**Total Program Reserve Fund:**

- The bill makes two technical clarifications to provisions in Senate Bill 21-053, the school finance mid-year adjustment bill, to allow districts nearly or fully locally funded to access the balance of their Total Program Reserve Fund in conjunction with calculating COVID-19 mitigation funding.

**Licensure:**

- Allows the State Board of Education to take action on a license, authorization, certificate, or endorsement if an educator is convicted of an offense, committed on or after the bill's effective date, in another state or under federal law that is substantially similar to a felony drug offense described in Colorado law.

**Accreditation Contracts:**

- Allows the accreditation contracts entered into between the SBE and school districts and the Charter School Institute at the beginning of FY 2021-22 to be for an 18-month term, rather than a 12-month term.

**Innovation Schools:**

- The bill specifies that a local school board may not review or make changes to an existing innovation school or innovation school zone the 2020-21 school year, and may not make revisions to an existing innovation school or zone plan that have not been approved prior to the bill's effective date.

**Restoration of Grant Programs:** restores or provides additional funding for the following grant programs:

- \$800,000 for the 9th Grade Success Program;
- \$375,807 for the School Leadership Pilot Program;
- \$280,730 for the Accelerated College Opportunity Exam Fee Program;
- \$250,000 for the John Buckner Automatic Enrollment in Advanced Courses Grant Program;
- \$2,500,000 for the K-5 Social Emotional Health Pilot Program;
- \$493,907 for the Local Accountability Systems Grant Program;
- \$3,000,000 for the Behavioral Health Care Professionals Grant Program; and \$1,750,000 in federal American Recovery Plan Act (ARPA) funds for the Concurrent Enrollment and Innovation Grant Program; and
- \$1,750,000 in federal ARPA funds for the Career Development Success Program.

**School Counselor Corp Grant Program:**

- The bill also provides \$2.0 million for the School Counselor Corps Grant Program and removes the cap on funding for the program, currently set in statute at \$10.0 million.

**CSI mill levy equalization:**

- The bill provides an additional \$2.0 million for mill levy equalization payments to CSI schools geographically located in school districts with mill levy overrides.

**Audit payments:** The bill appropriates \$400,000 to be used by CDE for school finance audit payments.

### [HB21-1330 Higher Education Student Success](#)

Sponsors: Reps. McCluskie and Ricks/Sens. Zenzinger and Kirkmeyer

Status: Governor Signed June 29, 2021

Funding: \$51.5M

The bill makes changes to programs related to higher education, including allocating federal funding, creating the Colorado Re-engaged Initiative, and modifying the ability of community colleges and local district colleges to offer a bachelor's degree in applied science, among other changes.

**Student Aid Application Completion Grant Program:**

- DHE must convene a task force to recommend ways to increase the number of students who complete student aid applications (FAFSA/CAFSA) prior to graduation.
- The bill allocates \$1.5 million for the grant program.
- To be eligible to participate in the grant program, a local education provider must create completion of the FAFSA/CAFSA as a graduation requirement unless the requirement is waived under conditions described by the local education provider.
- A local education provider that seeks to participate in the grant program must submit an application that includes:

- The current student aid application completion rate for high schools operated by the local education provider;
- The local education provider's goal for increasing the student aid application completion rate;
- The conditions under which the local education provider may waive the requirement that a student complete the student aid applications before graduating from high school;
- Whether the local education provider is partnering or intends to partner with a community-based nonprofit organization or an institution of higher education to support students in completing the student aid applications; and
- How the local education provider intends to use the money received through the grant program to increase the student aid application completion rate, which may include:
  - Hiring additional school counselors to assist students in completing the student aid applications;
  - Strategies for increasing student and family awareness of the student aid applications and the benefits of completing them and the consequences of failing to complete them;
  - Strategies for increasing student and family awareness of the options for and costs of postsecondary enrollment and a variety of credential and degree programs and how these relate to completion of the student aid 12 applications; and
  - Strategies for increasing the number of students who apply to postsecondary education by encouraging students to complete admission applications in connection with completing the student aid applications.

## Workforce Development

### [HB21-1264 Funds Workforce Development Increase Worker Skills](#)

Sponsors: Reps. Sullivan and Young/Sens. Kolker and Hisey

Status: Governor Signed June 23, 2021

Funding: \$55M

The Colorado Workforce Development Council (CWDC) is a state workforce investment board formed in accordance with the federal Workforce Investment Act of 1998 with the purpose of improving the state's workforce system. Membership of the CWDC includes the governor, four members of the General Assembly, and representatives from the business community, and other local stakeholders. The CWDC is responsible for the oversight of the federal Workforce Innovation and Opportunity Act (WIOA) funds, which are \$26.3 million in FY 2020-21. The COVID-19 pandemic has greatly impacted Colorado's economy and workforce. According to the U.S. Bureau of Labor Statistics, in January 2020 Colorado's unemployment was at 2.7 percent. As of February 2021, unemployment is at 6.6 percent, an increase in roughly 125,000 people.



This bill creates the Stimulus Investments in Reskilling, Upskilling, and Next-skilling Workers Program as an initiative of the CWDC to train unemployed and underemployed Coloradans during times of substantial unemployment.

- The bill appropriates \$25.0 million from the General Fund to the Department of Labor and Employment (CDLE) for use by the CWDC for FY 2020-21, and any money not expended in FY 2020-21 is further appropriated to the CDLE for FY 2021-22 and FY 2022-23 for the same purpose.
- The CWDC, in coordination with the CDLE, will allocate the funds to programs and entities for reskilling, upskilling, or next-skilling purposes. Specifically, the program will:
  - Support unemployed and underemployed workers to change industries to return to work or obtain more appropriate work;
  - Assist workers in increasing skill levels to retain or advance their employment; and
  - Support workers in developing skills necessary for employment in future industries.
- The bill prohibits the CDLE and the CWDC from adding permanent staff to implement the bill, but the agencies may use temporary personnel.
- \$17.5M to the Workforce Development Boards for the Workforce Innovation Grant Program;
- \$17.5M and any amount returned to the State Council for Statewide Workforce Innovation Initiatives
  - The workforce innovation grant program is hereby created for the purpose of promoting innovation in order to improve outcomes for learners and workers, including underserved populations, by promoting partnerships and helping prepare Coloradans for well-paying, quality jobs.
- \$10M for CTE providers to expand equipment, facility, and instruction capacity in key career and technical education job demand areas as identified in the Colorado Talent Report.
  - “CTE provider” means:
    - An area technical college as defined in section 23-60-103 (1);
    - A community college included in the state system of community and technical colleges pursuant to section 23-60-205; or
    - A local district college as defined in section 23-71-102 (1)(a) that provides career or technical education programs as approved by the CCCS.
  - The community college system shall develop a methodology for distributing the money to CTE providers. The methodology must take into consideration factors such as:
    - The capacity needs of CTE providers;
    - The length of wait lists; and
    - Programs offered by CTE providers that provide training for job demand areas as identified in the Colorado Talent Report.
- \$5M for the department of education for adult the education and literacy program.
- This bill clarifies that any limitations or requirements imposed on the use of federal funds do not apply to state appropriated funds. The program is repealed on June 30, 2024.

### [SB21-119 Increasing Access to High Quality Credentials](#)

Sponsors: Sens. Bridges and Lundeen/Reps. Esgar and Geitner

Status: Governor Signed June 30, 2021

Funding: \$20K

Under current law, the Career Development Success Program provides up to \$1,000 for each student who completes a qualified industry-credential program, internship, residency, apprentice program or advanced placement course. The CDE collaborates with the Colorado Workforce Development Council in the Department of Labor and Employment, and with other partners in government, industry and higher education to identify qualifying programs for students. The program has an annual appropriation of \$1.0 million.

The bill modifies the Career Development Success Program in the Colorado Department of Education and requires the program to identify industry credentials and align those with state academic content standards.

- Beginning with the 2022-23 school year, the CDE, in coordination with industry partners, relevant government agencies, and the community college system, must identify the top ten industry recognized credentials.
- Credentials must be associated with in-demand industries, a high school career pathway must exist or be available, and the credential must include guaranteed credit transfer pathways in higher education.
- The CDE must identify the state academic content standards that align with the courses required to obtain the credential and post that information on the department's website.
- Beginning July 1, 2022, the CDE and the community college system must collaborate to publish materials about the program through existing methods of school district engagement.
- The bill also modifies requirements for LEPs to communicate program availability to affected students and parents, including distributing information to students in middle school.
- When possible, local education providers (LEPs) participating in the program must also disaggregate participation data by race, ethnicity, gender, and identify students with a disability or who is an English language learner.

### [SB21-185 Supporting Educator Workforce In Colorado](#)

Sponsors: Sens. Zenzinger and Rankin/Reps. McLachlan and McCluskie

Status: Governor Signed June 16, 2021

Funding: \$12.4M

The bill makes several changes to address teacher recruitment, preparation, and retention.

- Adjunct instructors
  - The bill allows an individual to obtain or renew an adjunct instructor authorization only at the request of the district or charter school that employs the individual and restricts employment only to the requesting public school.
  - An adjunct instructor may not be employed as a full-time teacher, except for a position in a rural school district for which there were no qualified applicants.



- Promoting existing educator support programs
  - The Colorado Department of Education (CDE) must direct resources toward publicizing existing programs supporting teacher recruitment, preparation and retention, including alternative preparation and fellowship programs, support for student teachers in rural areas, loan forgiveness, and similar efforts to support entry to the educator workforce.
  - CDE must also provide technical support to local education providers (LEPs) to access the programs.
- Teaching career pathway
  - No later than the 2022-23 school year, the Department of Higher Education (DHE), in collaboration with the CDE and institutions of higher education, must design a career pathway for students to enter the teaching profession. At a minimum, the pathway must include options for secondary and higher education students and adult learners, provide counseling and wraparound support services, and align with the performance-based teacher licensing standards adopted by the State Board of Education (SBE).
- Teacher recruitment, education and preparation (TREP)
  - The bill creates the Teacher Recruitment Education and Preparation Program (TREP) in the CDE.
  - The program allows a participant to concurrently enroll in postsecondary courses for two years following the student's twelfth grade year. If a student is following the teaching career pathway, is on schedule to complete the specified courses by the senior year and is enrolling in the pathway's postsecondary courses for the fifth and sixth year among other requirements, the CDE may designate the student a TREP program participant.
  - Beginning in the 2022-23 school year, the CDE must administer TREP pursuant to guidelines adopted by the Concurrent Enrollment Advisory Board and approved by the community college system.
  - In its annual budget request to the Joint Budget Committee (JBC), the CDE must report the total number of potential TREP participants for the following school year. The General Assembly must decide annually the number of TREP participants to fund in the Long Bill. Each TREP participant is funded at the same per-pupil rate as the ASCENT program. For FY 2022-23, the General Assembly must fund no more than 200 participants.
  - A local education provider (LEP) that enrolls a TREP participant may include the student in the district's funded pupil count and receive extended high school funding for the student. If an LEP receives extended high school funding for fifth- and sixth-year senior students, the school or district may spend funding on behalf of TREP students enrolling in higher education.
- Educator recruitment and retention program
  - The bill creates the Educator Recruitment and Retention (ERR) Program in the CDE to provide support to members of the armed forces, nonmilitary affiliated educator candidates, and LEPs to recruit and retain qualified educators.
  - The SBE must adopt rules and the department must administer the program and collect data and report effectiveness and best practices.
  - CDE must provide:

- One-on-one counseling and coaching;
- Career and teacher job fairs;
- Substitute teacher “boot camps” for newly authorized substitutes and LEPs;
- Job placement platforms;
- Professional development through the first three years of service; and
- Retention counselling services for LEPs.
- The ERR program must have an application and award procedure to provide participants with up to \$10,000 for tuition costs at an educator preparation program. The department distributes the financial assistance directly to the enrolling post-secondary educator preparation program.
- Other educator programs.
  - For FY 2021-22, the bill restores \$2.9 million in funding for the Educator Loan Forgiveness Program in the DHE, and \$3.0 million in funding for the Quality Teacher Recruitment Grant Program in the CDE.

**HB21-1149 Energy Sector Career Pathway In Higher Education**

Sponsors: Reps. Jackson and Titone/Sen. Story

Status: Governor Signed June 16, 2021

Funding: \$1.8M

The bill requires the creation of an energy sector career pathway and establishes the Strengthening Photovoltaic and Renewable Careers Workforce Development Program. The bill requires that the Workforce Development Council (CWDC), the departments of Higher Education (DHE), Education, Natural Resources, and Labor and Employment, the Office of Economic Development and International Trade (OEDIT), and the community college system to develop a career pathway for the energy sector by 2022-23 academic year. The career pathway must conform with career pathway requirements in current law.

The bill creates the SPARC program in the Colorado Department of Labor and Employment (CDLE) to increase training, apprenticeship, and education programs that lead to employment in the energy sector, including those included in the career pathway. The bill transfers \$5.0 million on July 1, 2021 from the General Fund to the newly created SPARC Program Fund. CDLE, in consultation with the CWDC, the community college system, and the Department of Higher Education, must allocate program funding to expand capacity of training programs and for the following, as applicable:

- Career and training counseling and planning;
- Scholarships;
- Employer-provided training;
- Apprenticeships;
- Career and technical education;
- Transportation, equipment and supplies; and
- Retention services, among other things.

The program must prioritize programs that help workers attain a professional credential, certification, or license.



**SB21-106 Concerning Successful High School Transitions**

Sponsors: Reps. McLachlan and Baisley/Sen. Coleman and Priola

Status: Governor Signed July 7, 2021

Funding: \$279K

Fourth-Year Innovation Pilot Program. The bill creates a new pilot program in the Department of Higher Education (DHE) to provide state funding for low-income students who graduate early from high school to use for postsecondary education. By July 1, 2022 and each year thereafter, the participating local education provider (LEP) must notify DHE and the Colorado Department of Education (CDE) of students who graduated early in the prior year. The Long Bill must include sufficient funding for the early graduates, to be distributed to the student’s postsecondary program, and funding to LEPs.

- Funding
  - A student who graduates prior to their fourth year of high school receives the greater of 75 percent of the FY 2021-22 average state share of per pupil revenue or \$3,500, as determined during the 2021 legislative session.
  - A student who graduates prior to the second semester of their fourth year receives the greater of 45 percent of the FY 2021-22 average state share of per pupil revenue, or \$2,000.
  - A participating LEP receives 25 percent of the FY 2021-22 average state share per pupil for each student who graduates prior to their fourth year.
- Eligibility
  - A student must qualify for free or reduced price lunch or for a Pell grant in order to be eligible for the program, and must begin a qualified post secondary program within 18 months of graduating early.
  - The first cohort of students must graduate early during the 2021-22 school year.
  - The final cohort will graduate early in the 2025-26 school year.
  - No more than five LEPs may be selected to participate, representing a mix of urban, suburban, and rural providers.
- Reporting and repeal
  - DHE must report certain information to the Joint Budget Committee and education committees of the General Assembly by November 1, 2022 and each year thereafter.
  - The Colorado Department of Labor and Employment must ensure participating students are included in existing data reported by postsecondary training providers. The program is repealed July 1, 2027.

High School Innovative Learning Pilot. This current program provides full-time funding for students in participating high schools that provide innovative learning opportunities to support transitions to postsecondary education or the workforce. Beginning in FY 2021-22, the bill encourages the State Board of Education (SBE) to select up to 20 applicants for the program, and:

- Allows a school to participate independently of a district;
- Requires that applications explain the benefits for underserved students; and

- Requires that the Colorado Department of Education (CDE) and the SBE consider whether the applying program will provide opportunities for apprenticeships, technical training through an industry provider, teacher training, concurrent enrollment, and certificates.

## **Broadband**

### **SB21-060 Expand Broadband Service**

Sponsors: Sen. Donovan/Rep. Roberts

Status: Signed by the Governor June 27, 2021

Funding: \$5 million from HB21-1289

By January 1, 2022, CBO must create a program to make access to broadband service more affordable by reimbursing Colorado subscribers for costs incurred in accessing broadband service.

- Requirements: Contract with a non-profit organization that has experience and preferably an existing platform and process for administering income-qualified utility assistance programs
- Eligibility for Program: have a household income that does not exceed the higher of 200% of the federal poverty level or 80% of the area median income; or are located in critically unserved areas of the state, AND it is their primary residence AND service is provided by a satellite provider
- Reimbursement can cover up to ½ of the cost of broadband service, not to exceed a total reimbursement of \$600 per year

\$5M from the Digital Inclusion Grant at OIT to be spent by December 2024, may use \$500,000 for administrative needs

Effective date is one day after the passage of House Bill 21-1289 or one day after the passage of SB21-291, whichever occurs latest

### **HB21-1109 Broadband Board Changes To Expand Broadband Service**

Sponsors: Sens. Bridges and Coram / Reps. Titone and Soper

Status: Governor Signed July 8, 2021

Funding: N/A

- Broadband Deployment Board moves from DORA to OIT, previous statute 40-15-509.5 becomes 24-37.5-118 effective upon signing of the bill.
- Beginning September 1, 2021, the size of the Broadband Deployment Board decreases from 16 to 11 members and consists of the following:
  - Office of Information Technology as appointed by Governor;
  - County Commissioner Western Slope, as appointed by Speaker of the House;
  - County Commissioner Eastern Plains, as appointed by President of Senate;
  - Rural City Council or Mayor, as appointed by the Governor;
  - Wireless Provider, as appointed by President of the Senate;
  - Wireline Providers, as appointed by the Speaker of the House;

- Broadband Satellite Providers, as appointed by the Minority Leader in the House;
- Cable Provider, as appointed by the Minority Leader in the Senate;
- Rural Wireline Providers, as appointed by the Minority Leader in the Senate;
- Unserved Area of the Western Slope, as appointed by the Governor;
- Unserved Area of the Eastern Plains, as appointed by the Minority Leader in Senate;
- At least 3 members must be registered for at least one year as Democrats, at least 3 members must be registered for at least one year as Republicans, and at least 3 members must be registered for at least one year as Unaffiliated.
- When applicants submit maps and data to prove they are unserved, they may provide the written certification created in [HB20-1137](#) OR submit Speed Tests performed in accordance with the requirements (effective upon signing of the bill)
- Requires the Broadband Deployment Board to initiate a Request For Proposal (RFP) process for Critically Unserved Areas including Tribal Nations, subject to the current grant process and rules, using up to 60% of the grant year appropriations. (effective upon signing of the bill)
  - The Board will decide the percent allocated to the RFP up to the 60% and strive to include geographic diversity.
  - Applicants do not have to prove they are in a critically unserved area.
  - RFP locations are in “critically unserved areas” (defined as either at least 10 Mbps/1Mbps or at measurable speeds at least equal to one-half of the minimum measurable speeds that qualify as broadband under the FCC) and chosen by the Board based on maps provided by Colorado Broadband Office (CBO).
  - CBO must provide the first maps to BDB no later than November 1, 2021.
  - Board may accept a lesser amount of independent funding (grant match) but must select the larger amount of grant match if multiple applications are received.
- Establishes that if an applicant or an appellant submits speed testing data to the board, such speed tests shall be performed in accordance with industry-standard speed-test protocols as identified by the FCC. (effective upon signing of the bill)
- Establishes that Broadband Deployment Board grant recipients provide a low-income qualifying tier of service. (effective upon signing of the bill)
- Establishes required annual reporting until grant money is fully expended to include (effective upon signing of the bill):
  - The number of homes and businesses that the applicant's grant-supported broadband network serves;
  - The number of additional homes and businesses that the applicant expects to serve through the grant-supported broadband network within the following year; and
  - The speed tiers, advertised rates, and services that the applicant offers to customers through the grant-supported broadband network, including speed tiers, rates, and other services that the applicant offers to low-income households.
- Establishes that after the grant is fully expended the grantee provide third-party performance-testing certification, based on FCC-approved performance-testing protocols, that the project meets the original design of, and provides the measurable speeds, rates, and services set forth in, the application (effective upon signing of the bill).

- Identifies the requirement for all applicants and appellants to submit mapping data defined by the FCC as granular data until such later date when the FCC issues a new ruling (effective upon signing of the bill).
  - Granular data is defined as coverage polygons that reflect:
    - Maximum download and upload speeds available in each area;
    - The technology used to provide the service; and
    - A differentiation among residential-only, business-only, or residential-and-business broadband services.
  - Data submitted is **not subject** to public disclosure under CORA.
- Establishes that if the board receives any federal funding, the board shall utilize the RFP or a substantially similar to that process to distribute the federal funds as soon as practicable, so long as such process complies with federal requirements for use of the funds and the funds are used for critically unserved areas (effective upon signing of the bill).

### **HB21-1289 Funding For Broadband Deployment**

Sponsors: Sens. Bridges and Priola / Reps. Kennedy and Baisley

Status: Signed By the Governor June 28, 2021

Funding: \$75 million

K-12 Broadband Fund, Connecting Colorado Grant, amended statute created to extend the time frame for spending and created the Colorado Broadband Office Roles and Responsibilities, which include but are not exhaustive:

- Assist grantees with grant applications for State and Federal Grants;
- Collect data and provide maps;
- Statewide plan to encourage cost-effective broadband access and increased broadband usage, particularly in rural unserved areas and other unserved areas of the state;
- May receive consumer complaints regarding broadband service (does not need to be implemented until funding is received); and
- Hire a third-party vendor to develop and implement a strategic plan to expand and improve digital access to government services through the use of broadband. Report due to JTC, July 1, 2022.

Creates the Colorado Digital Inclusion Grant Fund and provides \$35M from ARPA to be spend as follows:

- \$20M for Southern Ute Indian Tribe and Ute Mountain Ute Indian Tribes for shovel ready reservation infrastructure;
- \$10M to improve connectivity and access in Rural Health facilities by upgrading modems, routers, and broadband equipment (partnership with OeHI); and
- \$5M for Broadband Reimbursement created in SB21-060.

A grant award recipient other than an Indian Tribe or Nation shall not use the grant money for the deployment of last-mile broadband infrastructure and must comply with Treasury Department interim regulations.

The bill creates the Broadband Stimulus account in the Broadband Administrative Fund at Broadband Deployment Board that:

- Allocates \$35M for Broadband Deployment Grants that meet the criteria in statute and comply with Treasury Department interim regulations;
- Encouraged to fund applications within the previous five years, met all of the award criteria but were denied grants due to the insufficiency of grant money available at the time of application and continue to meet all of the award criteria; and
- A previously submitted application with or included in a new application, must have an income-qualified pricing plan.

Adds requirement to Interconnectivity Grant Program (existing in statute) in DOLA that, DOLA submit to the CBO for review and recommendations a copy of each application that DOLA received if the applicant seeks grant money for broadband planning or infrastructure.

Creates the Interconnectivity Grant Program Fund in DOLA with \$5M ARPA dollars to engage in regional planning among multiple local governments and provide or enhance the network connection between communities, including the interconnection between community anchor institutions.

### State Budget

Following the last session, it was anticipated that FY 2021-2022 was going to be another tough budget year. However, revenue forecasts came in much stronger than anticipated, from May 2020 to June 2021. Currently the **General Fund** revenue outlook is as follows:

- FY 2020-2021 General Fund revenue collections well exceeded March 2021 forecast expectations and are projected to grow 11.4% in FY 2020-21. **The General Fund is projected to end the year with a 26.5% reserve, \$2.6 billion above the required 2.86% reserve.** This amount incorporates legislation passed during the 2021 session, which increased General Fund appropriations and transfers. On higher revenue collections, **revenue subject to TABOR is expected to exceed the Referendum C cap by \$551.4 million, requiring TABOR refunds in FY 2021-22.** Relative to the March forecast, revenue expectations were increased by \$1.6 billion. Most revenue sources exceeded expectations, though individual income taxes reflected the largest share of the increase on stronger-than-expected 2020 regular filing payments.
- FY 2021-2022 **The General Fund is projected to end the year with a 27.9% reserve, \$1.8 billion above the required 13.4% reserve.** This amount incorporates legislative actions during the 2021 legislative session, including passage of the FY 2021-22 budget package, an increased reserve requirement, and increased General Fund transfers. **Revenue subject to TABOR is expected to exceed the Referendum C cap by \$658.2 million.** Relative to the March forecast, revenue expectations were increased by \$1.1 billion on higher-than-expected collections year-to-date in FY 2020-21.
- **FY 2022-2023 The General Assembly is projected to have \$3.2 billion, or 22.1%, more to spend or save in the General Fund than what is budgeted to be spent and saved in FY 2021-22.** As a budget has not yet been adopted for FY 2022-23, this amount holds current appropriations for FY 2021-22 constant and assumes current law transfers,

and the 15.0 percent General Fund reserve requirement. The \$3.2 billion amount does not incorporate caseload growth, inflationary, or other budgetary pressures. As revenue continues to grow in an expanding economy, **revenue subject to TABOR is expected to exceed the Referendum C cap by \$908.5 million.**

### Federal Stimulus Funding

- The state government will receive \$3,828,761,789.90 in Coronavirus State Fiscal Recovery Funds.
- A state may use the funds for costs incurred from March 3, 2021 through December 31, 2024. Recovery funds must be expended or obligated by 2024. Obligated funds must be spent by 2026. Any unused and unobligated funds as of December 30, 2024, revert to the ARPA fund and the state treasurer must transfer the balance to the Unemployment Compensation Fund.
- Because Colorado’s unemployment rate has increased more than 2.0 percent between February 2020, when it was 2.8 percent, and the current 6.4 percent, Colorado is expected to receive funding in a single tranche.
- The ARPA includes the following statutory language regarding how the Coronavirus State and Local Fiscal Recovery Funds may be expended:
  - “a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
  - b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
  - c) For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency;
  - d) To make necessary investments in water, sewer, or broadband infrastructure.”
- The law also specifies that eligible uses do not include:
  - “Depositing funds into any pension fund” or
  - “Directly or indirectly offsetting a reduction in the net tax revenue of the State or territory resulting from a change in law, regulation, or administrative interpretation.”
  - ARPA prohibits using these funds to offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation from March 3, 2021 through the last day of the fiscal year in which the funds provided have been spent.

### **SB21-288 American Rescue Plan Act of 2021 Cash Fund**

This bill creates the American Rescue Plan Act of 2021 Cash Fund (ARPA fund) and requires that the state treasurer transfer \$3,448,761,790 to the ARPA fund. The General Assembly does not appropriate money from the ARPA fund; rather, the money may be transferred to another cash fund established to use federal recovery funding. If there is any money remaining in the ARPA fund after transfers required by 2021 legislation, then the governor is authorized to allocate up to \$300,000,000, which is continuously appropriated to the designated departments. About half of the money was allocated during the recent legislative session and the rest will be distributed by state lawmakers next year.



### **2021 Interim and Year-round Committees**

- There will be interim committees meeting this summer but as of today no committees have been appointed and schedules have not been released. We will update you with new information as we receive it.
- Below is a list of all the interim and year-round committees:
  - Affordable Housing Task Force
  - Behavioral Health Task Force
  - Colorado Youth Advisory Council Committee
  - Early Childhood and School Readiness Legislative Commission
  - Joint Budget Committee
  - Legislative Interim Committee on School Finance
  - Legislative Oversight Committee Concerning Tax Policy
  - Pension Review Subcommittee
  - Sales and Use Tax Simplification Task Force
  - Statewide Health Care Review Committee
  - Task Force on Economic Recovery and Relief Cash Fund
  - Transportation Legislative Review Committee
  - Water Resource Committee

### **State and Federal Redistricting Commissions**

There are two separate commissions meeting to redraw the state's boundaries for state House and Senate seats and for Congressional seats. Colorado has had enough of an increase in the population since the last census that we will have an 8th seat in the House in Congress. The maps ultimately chosen will have an impact on the 2022 elections and beyond.