



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1245: HVAC IMPROVEMENT PROJECTS IN SCHOOLS

Prime Sponsors:

Rep. Lieder; Hamrick

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill requires that public schools and districts satisfy certain requirements concerning installation, inspection, and maintenance of heating, ventilation, and air conditioning systems when using federal and state funding. The bill transfers money between cash funds, and allows the Department of Personnel and Administration to enter into public-public partnerships.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- State Transfers
- TABOR Refunds
- School Districts

Appropriations. No appropriation is required. The Unused State-Owned Real Property Cash Fund is continuously appropriated to the Department of Personnel and Administration.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$102,509
State Expenditures ²	\$118,582	\$300,331
Transferred Funds	\$6,900,000	\$0
Change in TABOR Refunds	\$0	\$102,509
Change in State FTE	0.9 FTE	2.0 FTE

¹ Fund sources for these impacts are shown in the tables below.

² State expenditures do not reflect transferred funds nor indeterminate federal funding impacts.

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$0	\$102,509
Total Revenue	\$0	\$102,509

**Table 1B
State Transfers**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
Infrastructure Investment and Jobs Act Cash Fund	-\$6,900,000	\$0
Unused State-Owned Real Property Cash Fund	\$6,900,000	\$0
Net Transfer	\$0	\$0

**Table 1C
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$98,928	\$256,416
Federal Funds ¹	\$0	\$0
Centrally Appropriated	\$19,654	\$43,915
Total Expenditures	\$118,582	\$300,331
Total FTE	0.9 FTE	2.0 FTE

¹ Expenditures from matching federal funds will be impacted by an indeterminate amount. See State Expenditures section for more detail.

Summary of Legislation

The bill requires that all public schools and districts adhere to technical specifications for the installation, inspection, maintenance, review, and reporting of heating, ventilation, and air conditioning (HVAC) systems whenever improvements are made using federal money, or a combination of federal and state money specifically for HVAC improvements. Schools must only employ HVAC contractors on the certified contractor list maintained by the Colorado Department of Labor and Employment. The certified contractor must prepare a detailed HVAC verification report within 30 days of completing any work, the school must maintain the report for five years and submit a copy to the Colorado Department of Education (CDE).

Under current law, the Department of Personnel and Administration (DPA) oversees the process allowing state entities to enter into public-private partnerships through its Public-Private Partnership (P3) Collaboration Unit. The bill expands the authority of the department to also facilitate public-public partnerships with local education providers, in which a public entity helps leverage federal funding for HVAC improvements, student performance, and staff retention.

The bill transfers \$6.9 million from the Infrastructure Investment and Jobs Act Cash Fund to the Unused State-Owned Real Property Fund and allows the DPA to use the transferred funds to provide grant writing and administrative support, project planning, regulatory compliance, and other technical assistance to public schools. For each award of federal dollars obtained with grant-writing support from the public private partnership unit, the DPA may keep 2.5 percent of the money awarded to pay for administrative costs.

State Revenue

The bill increases state revenue in the Department of Public Safety (CDPS) by about \$103,000 in FY 2026-27 from fees charged to public schools and districts. As described below, the DPS has an increase in cash fund expenditures for inspections of public school fire suppression systems, including HVAC improvements or installations beginning in FY 2026-27. The revenue impact is calculated to match the expenditures in the State Expenditure Section. Fee revenue is subject to TABOR.

State Transfers

On September 1, 2025, the bill transfers \$6.9 million from the Infrastructure Investment and Jobs Act Cash Fund to the Unused State-Owned Real Property Cash Fund.

State Expenditures

The bill increases state expenditures by about \$119,000 in FY 2025-26, and by about \$300,000 in FY 2026-27 and ongoing. These costs are in the DPA and the CDPS as shown in Table 2 and described in the sections below. New spending is from the Unused State-Owned Real Property Cash Fund and the Division of Fire Prevention and Control Cash Fund. The bill also shifts expenditures from the Governor's Office to the DPA.

Table 2
State Expenditures
All Departments

Department	Budget Year FY 2025-26	Out Year FY 2026-27
Department of Personnel and Administration ¹	\$118,582	\$124,347
Department of Public Safety	\$0	\$175,984
Total Costs	\$118,582	\$300,331

¹ This amount represents administrative costs only. The DPA will have \$6.9 million in continuously appropriated funds from the Unused State-Owned Real Property Cash Fund. Expenditures in the Governor's Office are reduced by the same amount.

Department of Personnel and Administration

The P3 Collaboration Unit in DPA will add 1.0 FTE Program Manager to create the new public-public partnership program assisting public schools. New staff will research federal funding opportunities, provide technical assistance to schools, assist with planning, and evaluating HVAC projects, provide grant writing assistance, manage funds, and collect and report data. Personal service costs include standard operating and capital outlay and are prorated in FY 2025-26 for the bill's effective date.

In addition, to the extent that the \$6.9 million transferred to the DPA is leveraged to draw-down matching federal funds, federal funds expenditures will increase. This amount cannot be determined, but is assumed to be similar to the expected federal funds match anticipated by the Governor's Office.

Table 2A
State Expenditures
Department of Personnel and Administration
Administrative Costs

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$91,106	\$101,229
Operating Expenses	\$1,152	\$1,280
Capital Outlay Costs	\$6,670	\$0
Centrally Appropriated Costs	\$19,654	\$21,838
Total Costs	\$118,582	\$124,347
Total FTE	0.9 FTE	1.0 FTE

Department of Public Safety

The Division of Fire Prevention and Control (DFPC) in the DPS provides building, fire, and safety code enforcement and fire-related training and education to local governments, including public schools and districts. Within the division, the Fire and Life Safety Section administers the fire, building, and life safety codes adopted by the division for all public schools, and the Building Codes Branch is the designated code official. Inspectors conduct plan reviews and construction inspections for building, mechanical, energy conservation, and fire suppression code adopted by the DFPC.

This bill is estimated to increase the number of HVAC improvement or replacement projects in public schools. The DFPC currently estimates that HVAC inspections number about 15 annually. Assuming this bill doubles the number of projects beginning in FY 2026-27, the DFPC requires an additional 1.0 FTE Inspector and related standard costs as well as non-standard costs such as travel, uniforms, personal protective equipment, and a vehicle. The number of annual inspections is expected to continue to increase in subsequent years, which may require additional FTE and resources; however, this amount has not been estimated and will be addressed during the annual budget process.

Table 2B
State Expenditures
Department of Public Safety

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$0	\$103,807
Operating Expenses	\$0	\$1,280
Capital Outlay Costs	\$0	\$6,670
Non Standard Expenses	\$0	\$42,150
Centrally Appropriated Costs	\$0	\$22,077
Total Costs	\$0	\$175,984
Total FTE	0.0 FTE	1.0 FTE

Governor's Office

The bill reduces spending in the Governor's Office by at least 6.9 million. This results from the transfer of \$6.9 million out of the Infrastructure Investment and Jobs Act Cash Fund, and the loss of any matching federal funds.

The Infrastructure Investment and Jobs Act Cash Fund was created in the Governor's Office as a source of funding to assist with drawdown of federal funds under the federal Infrastructure Investment and Jobs Act (IIJA) and the federal Inflation Reduction Act (IRA). Money in the fund is used for grant funding match requirements, coordination of federal grant opportunities, and planning and grant writing support for state agencies and local governments.

While the activities of the IJA Cash Fund will be reduced in proportion to the reduced funding; the fund will continue requiring existing levels of administrative support and no change in appropriations is required.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

School District

Public schools and districts will receive specialized grant writing support and other technical assistance from the DPA in order to address HVAC system upgrades. Cost may increase to pursue additional HVAC projects, with costs offset to the extent that additional grants and other resources become available. These costs will vary by school district.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

No appropriation is required. The Unused State-Owned Real Property Cash Fund is continuously appropriated to the Department of Personnel and Administration.

State and Local Government Contacts

Education	Law
Governor	Personnel
Labor	Public Safety