



Fiscal Note
Legislative Council Staff
Nonpartisan Services for Colorado’s Legislature

SB 25-312: AMERICAN RESCUE PLAN ACT FUNDS

Prime Sponsors:

Sen. Amabile; Kirkmeyer
Rep. Bird; Sirota

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Fiscal note status: This revised fiscal note reflects the reengrossed bill and has been updated to make technical corrections and clarifications. This bill was recommended by the Joint Budget Committee.

Summary Information

Overview. This bill makes various adjustments to state appropriations and allocations of federal funds received under the American Rescue Plan Act (ARPA) of 2021.

Types of impacts. The bill is projected to affect the following areas through FY 2025-26:

- State Expenditures
- State Transfers

Appropriations. The bill makes numerous appropriations adjustments, including net-zero refinancing of General Fund and ARPA funds and other technical changes. See the State Expenditures and Appropriations section for more detail by state agency.

Table 1
State Fiscal Impacts

Type of Impact ¹	Current Year FY 2024-25	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0	\$0
State Expenditures ²	\$0	\$0	\$0
Transferred Funds	\$96.8 million	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

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

² The bill adjusts appropriations involving General Fund and ARPA funds for FY 2022-23 and FY 2023-24. These impacts have a net \$0 expenditure impact, after accounting for an increase of \$63.3 million General Fund and decrease of \$63.3 million federal funds.

**Table 1A
State Transfers**

Fund Source	Current Year FY 2024-25	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$96.8 million	\$0	\$0
Cash Funds	-\$96.8 million	\$0	\$0
Net Transfer	\$0	\$0	\$0

**Table 1B
State Expenditures**

Fund Source	Current Year FY 2024-25	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$63.3 million	\$0	\$0
Cash Funds	\$0	\$0	\$0
Federal Funds	-\$63.3 million	\$0	\$0
Total Expenditures	\$0	\$0	\$0
Total FTE	0.0 FTE	0.0 FTE	0.0 FTE

Summary of Legislation

This bill makes various adjustments to state appropriations and allocations of federal funds received under the American Rescue Plan Act (ARPA) of 2021. Specifically, the bill makes adjustments in three main categories, as outlined below.

Primary Changes Under Bill

Net-Zero True-Ups

As described in the Background section below, 2024 legislation adopted by the General Assembly (commonly referred to as the “Big Swap”) shifted the use of federal ARPA funding to ensure that it was used by the relevant deadlines. This bill makes various true-up adjustments to account for ARPA-funded programs that used more federal funds during FY 2023-24 in advance of the 2024 refinancing than originally estimated. The true-up adjustments shift certain personal service costs in the Department of Human Services (CDHS) and the Department of Corrections (DOC) from federal funds back to the General Fund, and make corresponding transfers from cash funds to the General Fund to cover the costs. Because the cash funds transferred originated in the General Fund and were initially moved to cash funds to offset expenditures of federal funds, and because the expenditure of federal funds actually occurred, the true-up adjustments are assessed as having a net \$0 fiscal impact.

Federal Fund Reversions in Various Cash Funds

The bill accounts for the reversion of federal funds, including federal funds that had been “swapped” for General Fund. For the General Assembly to use these funds for other purposes, the bill makes various technical changes, including creating new “swaps” to trade unspent federal funds for General Fund and taking money that originated from General Fund and transferring it from various cash funds back to the General Fund.

Other Changes to ARPA Program Funding

The bill also makes adjustments to existing ARPA programs to reduce appropriations or provide roll-forward spending authority. Reverted federal funds in various cash funds are then “recaptured” via adjustments to appropriations and transfers to the General Fund, freeing up General Fund for budget balancing purposes.

Mechanics of the Bill

The bill takes various actions to implement the changes described above and to make other technical changes, as explained below.

- The bill reduces the size of the “Big Swap” required for programs in FY 2024-25 by \$74,995,938. This additional amount of money was spent as federal funds for ARPA programs and, as a result, appropriations for personal services in the DOC and CDHS in FY 2024-25 are reduced by this amount. This entirely eliminates the prior “swap” in the CDHS in FY 2024-25 (\$63,182,048), and reduces the DOC “swap” by \$136,769. The DOC amount is the net impact of an \$11.8 million reduction in expenditures refinanced from the General Fund under the “Big Swap,” and a new \$11.7 million “swap.”
- Reversions of \$18.6 million in federal funds are addressed by refinancing these programs to use state funds instead, including \$11.7 General Fund and \$6.9 million from the Refinance Discretionary Account. As referenced above, the refinanced General Fund is used to increase the FY 2024-25 “swap,” which offsets the reduction in the federal funds appropriations for personal services that would otherwise would have occurred. The \$6.9 million in state funds refinanced in the Refinance Discretionary Account is transferred to the General Fund.
- Reversions of \$14.9 million in federal funds that had previously been refinanced are transferred from the various cash funds created to hold ARPA funds back to the General Fund.

Net General Fund Budget Impact

The net General Fund impact under the bill is thus calculated as follows:

\$75 million transferred to General Fund from unwinding swaps from overspent ARPA money
- \$75 million General Fund spent on personal services in place of overspent APRA money
+ \$11.7 million General Fund replaced with reverted federal funds in new swaps
+ \$14.9 million transferred to General Fund from reversions accrued to various cash funds
+ \$6.9 transferred to General Fund from the Refinance Discretionary Account
= **\$33.5 million increase in General Fund available for budget balancing.**

Background

The state received \$3.8 billion in federal Coronavirus State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA). ARPA money was deposited into the ARPA of 2021 Cash Fund and then transferred to various cash funds (recipient funds) and appropriated for various programs for use over several years.

Last year, two bills ([House Bill 24-1465](#) and [House Bill 24-1466](#)) worked in tandem to spend ARPA funds within federal deadlines; specifically, \$1.6 billion that was at risk of not being expended by federal deadlines was exchanged for General Fund at the end of FY 2023-24 and beginning of FY 2024-25 by refinancing state General Fund appropriations for personal services in the Departments of Corrections, Human Services, and Judicial Department. This exchange is referred to in this fiscal note and elsewhere as the “Big Swap.” Spending federal funds this way freed up General Fund to support the previously ARPA-funded programs without an impending federal deadline, as well as providing \$210.6 million in one-time funds that were used toward FY 2024-25 budget balancing.

The 2024 legislation also allowed affected programs to overexpend federal funds in FY 2023-24 if necessary, with related restrictions applied in FY 2024-25. When drafting and considering the prior legislation, there was an expectation that appropriations would be adjusted during the 2025 session to true-up differences in timing and fund sources. This bill makes those adjustments.

For additional detail on this bill (SB 25-312 / LLS 25-480), please refer to page 20 of this [memorandum prepared by JBC Staff](#).

State Transfers

The bill makes various transfers between recipient funds and from recipient funds to the General Fund, both to facilitate the adjustments to the “Big Swap” and to transfer reverted funds to the General Fund. These transfers, which total \$96.8 million, will occur on June 30, 2025, in the current FY 2024-25, as shown in Table 2 below. These transfers are made for the following purposes:

- \$75.0 million is transferred to facilitate net zero adjustments to the “Big Swap”;
- \$14.9 million is transferred to return savings from program reversions and transfers to the General Fund; and
- \$6.9 million is transferred from the Refinance Discretionary Account after refinancing reverted federal funds with state funds.

Table 2
Transfers from Various Cash Funds to the General Fund

Cash Fund	Amount
Colorado Heritage Communities Fund (DOLA)	-\$3,172,317
Connecting Coloradans Experiencing Homelessness w/ Services Cash Fund (DOLA)	-\$9,334,873
Healthy Forests and Vibrant Communities Fund (DNR)	-\$32,988
Local Investments in Transformational Affordable Housing Fund (DOLA)	-\$17,522,590
Regional Navigation Campus Cash Fund (DOLA)	-\$15,360,852
State Highway Fund (CDOT)	-\$10,973,582
Revenue Loss Restoration Cash Fund	-\$12,461,494
Economic Recovery and Relief Cash Fund	-\$13,814,990
Behavioral and Mental Health Cash Fund	-\$7,261,209
Refinance Discretionary Account	-\$6,877,231
General Fund	\$96,812,126
Net Transfer	\$0

State Expenditures and Appropriations

The bill makes numerous adjustments to state expenditures and appropriations, as outlined below.

Adjustments to the “Big Swap”

The bill makes adjustments to state appropriations to account for the over-expenditure of ARPA funds relative to the estimates used to make the “Big Swap” in HB 24-1466. Table 3A shows the amount of ARPA over-expenditures by agency that requires adjustment. These adjustments total \$75 million in FY 2024-25. Table 3B shows the corresponding reduction in appropriations of ARPA funds used to pay personal services expenses in the Department of Corrections and the Department of Human Services. In place of ARPA funds, the bill increases General Fund appropriations to the DOC and DHS by \$75 million to pay personal services costs using money transferred from the various ARPA-related funds, as described in the State Transfers section above. These adjustments result in no net change in available General Fund.

Table 3A
Over-Expenditures of ARPA Funds

Agency	Amount
Education	\$794,518
Early Childhood	\$43,725
Higher Education	\$83,749
Human Services	\$60,629
Transportation	\$10,973,582
Public Health and Environment	\$1,221,070
Public Safety	\$30,226
Natural Resources	\$32,988
Corrections	\$54,778
Local Affairs	\$51,048,834
Personnel and Administration – Capital Construction	\$10,651,840
Total Over-Expenditures	\$74,995,938

Table 3B
Reduction to Personal Services Appropriations
Previously Refinanced with ARPA Funds

Agency	Amount
CDHS	-\$63,182,048
DOC	-\$11,813,890
Total Reduction	-\$74,995,938

Cash Funds Reversions

The bill reduces current law General Fund expenditures by a total of \$33.5 million by adjusting appropriations and making transfers to account for reverted federal funds, as outlined below.

\$14.9 million of these savings resulted from General Fund that was previously refinanced under the “Big Swap” not being spent before the relevant deadline or from actions taken by the Joint Budget Committee to reduce the scope of a program or other such changes. The reverted amounts are then transferred from various cash funds to the General Fund, as shown in Table 4 below and described in the State Transfer section above.

Table 4 also shows reversions of State and Local Fiscal Recovery Funds (SLFRF), which total \$18.6 million. Of these reversions, \$11.7 million is used to make new swaps in FY 2024-25 that reduce General Fund appropriations for personal services and replace them with federal funds

and \$6.9 million is transferred to the General Fund, following a similar refinancing of state and federal funds.

Table 4
Cash Funds Reversions

Agency	Cash Funds Reversions Transferred to General Fund	Reversions from SLFRF
Behavioral Health Administration	\$4,142,124	\$387,340
Correction	\$570,139	\$4,656,930
Higher Education	\$0	\$7,162,045
Human Services	\$2,907,264	\$900,328
Judicial	\$0	\$76,350
Labor and Employment	\$0	\$502,048
Local Affairs	\$0	\$154,459
Office of Economic Development	\$0	\$294,831
Office of Information Technology	\$0	\$535,733
Personnel and Administration	\$0	\$1,419,783
Public Health and Environment	\$5,540,000	\$1,204,974
Public Safety	\$1,779,428	\$1,001,528
Revenue	\$0	\$258,000
Total	\$14,938,955	\$18,554,349

¹ SLFRF = State and Local Fiscal Recovery Funds.

Other Adjustments to Appropriations

In addition, the bill gives the Department of Agriculture roll-forward spending authority, through December 31, 2026, for \$8 million in existing appropriations

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Joint Budget Committee Staff

Governor's Office

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).