



Colorado Opioid Abatement Council (COAC)

Administrative Committee

Meeting #32

September 30th, 2025
2:00p– 3:00pm

Appointees: Nancy Rodgers, Dave Frank, Lori Laske, Aaron Miltenberger

DOL Staff: Jamie Feld, Jack Patterson, Christian Dykson

Guests:

Welcome and Introductions

Nancy Rodgers initiated the session with welcomes and introductions. The Committee moved to approve the August 2025 meeting minutes.

Dave Frank moved to approve the July 2025 meeting minutes

Nancy Rodgers seconded

Unanimously approved

Indirect Costs

Opioid Response Unit (ORU) staff introduced the item on indirect costs and summarized prior conversations on the topic. Staff noted that indirect and administrative costs are substantively different and should be treated separately. The purpose of this discussion was to prepare the committee for the upcoming full COAC meeting on Friday, where decisions would be made.

ORU staff reviewed the working definition of indirect costs, describing them as costs that cannot be readily assigned to a particular program or activity but are necessary for the operation or performance of a program. Examples include facility operations and maintenance, leadership and human resources staff, and office materials and supplies. Staff highlighted input from the National Academy for State Health Policy, which noted that strict limits on indirect costs can have unintended consequences for community-based organizations that have fewer resources to support core administrative functions.

ORU staff then summarized how other states are approaching indirect costs. There is no consistent national standard; some states do not allow indirect costs, others allow caps such as 10–15 percent, and some recognize federally negotiated rates. The COAC must establish its own policy.

The committee revisited three core questions that will be presented to the full COAC. First, the members discussed what the cap on indirect costs should be for the Infrastructure Share. ORU staff reminded the committee that three options had been previously reviewed and that the committee had leaned toward Option 2, which would set a 10 percent cap on indirect costs. Dave Frank expressed support for Option 2, noting that it aligns with previous discussions and is appropriate given that Colorado's structure involves governmental entities administering funds to implementing organizations. Lori Laske stated she preferred Option 1 or Option 2 but had concerns about de minimis federal approaches that can be restrictive in practice.

Aaron Miltenberger expressed support for Option 2. Overall, the committee reaffirmed support for recommending Option 2, a 10 percent maximum indirect rate for Infrastructure Share.

Second, the committee discussed what the denominator should be for calculating indirect costs. ORU staff explained that staff were recommending a calculation based on personnel costs only, rather than total program costs or the more complex modified total direct cost approach. They also explained that using personnel costs aligns with State Share practices and simplifies the calculation for applicants and administrators. The committee discussed how this approach could result in different effective indirect amounts for programs that are primarily personnel-based versus those that are capital-heavy. Aaron noted that smaller organizations relying on outsourced services, such as IT or finance, may have fewer personnel costs and could be disadvantaged by a personnel-only denominator. ORU staff and committee members acknowledged this concern and discussed the importance of allowing some flexibility in how personnel and contracted services are budgeted, while still keeping the calculation straightforward. The committee supported proceeding with a recommendation to use personnel costs as the denominator, consistent with Option 2.

Third, the committee was asked to consider whether COAC should recognize federally negotiated indirect rates. Some entities may have very high negotiated rates (for example, 50 to 70 percent), which could reallocate a substantial share of funds away from direct services. Lori Laske expressed a preference for not using federally negotiated rates, citing concerns about complexity and the burden it could create. Dave Frank agreed and referenced the broader instability and variability of federal grant administration as an additional reason not to tie COAC policy to federal rates. ORU staff stated that they would recommend Option 2, which does not recognize federally negotiated rates for Infrastructure Share. The committee agreed with this recommendation and confirmed that it supported Option 2.

Infrastructure Share Round 4 Glossary

ORU staff presented the draft glossary of terms for Round 4 Infrastructure Share and walked the committee through proposed revisions. Staff began with the definition of administrative costs, clarifying that the 10 percent administrative allowance is calculated based on the total budget request and that administrative costs are generally intended for governmental entities responsible for oversight, reporting, and fiscal management. Christian also clarified that administrative costs are separate from indirect costs, which are intended primarily for organizations implementing the projects and programs.

ORU staff next reviewed the revised definitions of capital assets and equipment. They explained that capital asset thresholds were informed by regional policies, including Larimer County's and Region 2's capital asset policies, and that staff standardized thresholds at \$50,000 for certain categories for consistency. Equipment was defined as tangible personal property of \$10,000 or more. Nancy Rodgers indicated she was comfortable with the thresholds and commented that they can be revisited in the future if experience suggests adjustments are needed.

The committee then considered the definition of expenditures.

Definition as proposed – "Funds that have been exhausted by all parties (Awardees and Implementing Organizations) involved."

Nancy Rodgers raised a question about the word "exhausted," noting that it can be unclear whether expenditures occur at the time of invoicing or payment. ORU staff suggested changing the language to "disbursed" to align with COAC's use of cash-based reporting, and to clarify that funds should be considered expended when they have been disbursed by all parties, including any implementing organizations. The committee supported replacing "exhausted" with "disbursed" in the glossary.

Finally, the committee briefly reviewed the indirect cost definition as reflected in the glossary, acknowledging that certain fields remain to be determined pending the full COAC decision on the indirect cost cap and denominator.

The definition as proposed is “Indirect Costs are costs incurred in connection with a program or activity that are not readily assignable to a particular program/activity but are necessary to the operation and/or the performance of a program/activity.”

Nancy Rodgers expressed appreciation for the additional note clarifying the relationship between administrative and indirect costs.

Infrastructure Share Management Procedures

ORU staff then presented proposed updates to the Infrastructure Share management procedures, which serve as an internal guide for ORU staff in administering Infrastructure Share awards. They explained that the document is periodically updated as staff identify opportunities for clarification or improvement.

First, staff proposed adding clearer language describing the intent of the procedures. Second, they outlined an option to adjust quarterly reporting requirements for certain entities. Under the proposal, ORU staff may shift an awardee from quarterly reporting to biannual or annual reporting if one of two conditions is met: the awardee has disbursed 90 percent or more of its funds, or the awardee has accomplished all tangible goals and deliverables in its work plan. ORU staff would retain the ability to return an awardee to quarterly reporting if needed and would maintain a centralized list of all awardees and their reporting cadence.

Additional changes included clarifying expectations for communication around budget amendment requests. Under the proposed procedures, ORU staff would confirm receipt of budget amendment requests and ensure that all relevant parties are notified. For review committee consideration of substantive budget amendments, materials would include the originally approved work plan to help provide context. Finally, the procedures would explicitly allow ORU staff to grant administrative extensions of award cycles for up to 60 days when additional time is needed to complete spending and reporting, and would clarify that capital asset reporting timelines adjust if an award cycle is extended.

Aaron Miltenberger commented that while he appreciates the thoroughness and thoughtfulness of the procedures, he is concerned that increased complexity can make the document harder for program delivery staff to understand if they were ever to see it. ORU staff noted that the procedures are intended as an internal manual and that ORU staff aim to translate the technical language into more accessible guidance when working with external partners. The management procedures are meant to support internal consistency and that the committee can decide the level of detail it wishes to review. Nancy Rodgers suggested that, going forward, the committee’s primary focus should be on external-facing policies and items requiring COAC action, while ORU staff can maintain flexibility over internal procedures with periodic check-ins.

Capital Assets

ORU staff introduced a discussion on capital assets funded through regional and local shares. Staff explained that COAC has already adopted a seven-year minimum use requirement for capital assets funded under the Infrastructure Share and that staff are now exploring whether additional guidance would be helpful for capital assets funded by regions and local governments.

ORU staff described a recent situation in a region, which funded approximately \$180,000 for a withdrawal management facility. The agreement required at least two years of operation; however, the facility closed after nine months. The region issued a notice of noncompliance to the provider and ultimately recovered approximately two-thirds of the funds disbursed, recognizing some value in the months the facility was in operation.

They also summarized a separate example where a region awarded \$1.2 million to a for-profit recovery home for the purchase of a property. In that case, the region required a 15-year operating commitment and

a scholarship program as conditions of the award.

The Assistance Committee determined that the region had implemented sufficient safeguards and did not identify concerns with the use of funds, while noting that at the end of that 15-year period the property would remain an asset of the provider.

Commissioner Laske asked where the seven-year requirement came from, and ORU staff explained that had reviewed other states and state agencies and found that some capital programs require 15 years or more of dedicated use. The seven-year standard was selected as a middle ground that provides protection for the investment without mirroring the longest timeframes observed elsewhere. Aaron Miltenberger commented that, particularly for larger capital investments, seven years is a relatively short minimum and that the key concern is preventing situations where assets purchased with settlement funds are quickly repurposed or sold for unrelated purposes.

ORU staff clarified that the seven-year capital asset requirement has already been approved for Infrastructure Share and that the current conversation is focused on developing guidance, rather than a binding policy, for regional and local shares. The committee expressed support for ORU staff continuing to gather information from regions, analyze current practices, and draft a guidance document outlining considerations and expectations related to capital assets for regional and local governments.

Contingency Funds/Plan Compliance

Due to time constraints, the Committee tabled this agenda item.

Public Comment

No public comments were made.

Adjourn