

JOINT BUDGET COMMITTEE



OVERVIEW OF FY 2022-23 SUPPLEMENTAL REQUESTS AND THE DECEMBER 2022 REVENUE FORECASTS

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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- Legislative Council Staff (LCS) December 2022 Revenue Forecast
- Office of State Planning and Budgeting (OSPB) December 2022 Revenue Forecast

OVERVIEW OF FY 2022-23 SUPPLEMENTAL REQUESTS

PROCESS FOR MAKING MID-YEAR BUDGET ADJUSTMENTS

In June and September 2022, the Joint Budget Committee (JBC) received and acted on *interim* requests for mid-year appropriation adjustments (called “supplemental requests”). On January 3, 2023, the Governor, Judicial Branch agencies, and independent elected officials submitted *regular* supplemental requests. Over the next several days the JBC will consider these supplemental requests and some related policy proposals. Please note that this document does not reflect supplemental requests that may be submitted on Tuesday, January 17¹.

On Wednesday, January 25, agencies will have an opportunity to ask the JBC to reconsider actions taken on these requests by submitting “comebacks”. On that same day the JBC will also consider any recommendations from JBC Staff to correct or modify previous actions. Once the JBC has finalized decisions concerning mid-year adjustments, JBC staff will draft a supplemental bill for each affected department. Staff in the Office of Legislative Legal Services (OLLS) will draft bills to make any statutory changes that are necessary to implement approved mid-year adjustments (e.g., transfers from the General Fund to another fund). The JBC will review and vote on these OLLS bill drafts. The supplemental bills and the other bills that are needed to implement mid-year budget changes will be introduced in the Senate by the Monday, February 6.

Please note that the JBC may consider additional mid-year budget adjustments in February and March (e.g., adjustments that may be necessary based on the Medicaid caseload and expenditure forecast that will be submitted in mid-February). Any additional approved mid-year adjustments can be included as separate sections within the 2023 Long Bill or in a separate bill that is introduced with the Long Bill.

REQUESTED MID-YEAR CHANGES AND BUDGET AMENDMENTS

The existing FY 2022-23 budget that supports state government operations includes General Fund appropriations totaling \$13.9 billion. Table 1 lists the mid-year General Fund appropriation changes that have been requested to date by each department. In addition, in September 2022 the Joint Budget Committee approved interim supplemental requests that increase FY 2022-23 operating appropriations by \$6.3 million General Fund. These increases are also reflected in Table 1. **Overall, department supplemental requests and approved interim supplemental requests decrease General Fund appropriations for FY 2022-23 by \$209.5 million (1.5 percent).**

DEPARTMENT	CURRENT APPROPRIATION	REQUESTED CHANGES	ADJUSTED APPROPRIATION	PERCENTAGE CHANGE
Agriculture	\$14,762,871	\$106,197	\$14,869,068	0.7%
Corrections	899,794,352	8,946,710	908,741,062	1.0%
Early Childhood	112,404,354	(677,042)	111,727,312	(0.6%)
Education	4,500,295,845	135,514	4,500,431,359	0.0%
Governor	57,025,442	154,301	57,179,743	0.3%

¹ Pursuant to Section 2-3-208 (3)(b), C.R.S., three sets of supplemental requests are due January 15 (or the next business day) rather than January 2. These include: the Department of Education’s request related to the State share of school districts’ “total program” funding; and requests related to changes in caseload submitted by the Department of Corrections and the Department of Human Services’ Division of Youth Services.

TABLE 1
GENERAL FUND OPERATING APPROPRIATIONS FOR FY 2022-23 AND
REQUESTED MID-YEAR CHANGES

DEPARTMENT	CURRENT APPROPRIATION	REQUESTED CHANGES	ADJUSTED APPROPRIATION	PERCENTAGE CHANGE
Health Care Policy and Financing	4,084,846,478	(234,529,470)	3,850,317,008	(5.7%)
Higher Education	1,362,604,354	20,589	1,362,624,943	0.0%
Human Services	1,057,156,646	4,199,435	1,061,356,081	0.4%
Judicial	668,833,828	739,742	669,573,570	0.1%
Labor and Employment	31,963,389	(454,506)	31,508,883	(1.4%)
Law	20,623,901	(1,176)	20,622,725	(0.0%)
Legislature	66,739,630	0	66,739,630	0.0%
Local Affairs	55,341,549	4,763	55,346,312	0.0%
Military and Veterans Affairs	12,654,473	4,924,536	17,579,009	38.9%
Natural Resources	38,689,351	394,043	39,083,394	1.0%
Personnel	27,583,193	2,000,110	29,583,303	7.3%
Public Health and Environment	199,835,693	3,537,510	203,373,203	1.8%
Public Safety	241,687,656	464,801	242,152,457	0.2%
Regulatory Agencies	3,015,753	700,000	3,715,753	23.2%
Revenue	143,622,928	(215,951)	143,406,977	(0.2%)
State	1,151,651	0	1,151,651	0.0%
Transportation	0	0	0	n/a
Treasury	302,739,712	13,813	302,753,525	0.0%
TOTAL	\$13,903,373,049	(\$209,536,081)	\$13,693,836,968	(1.5%)

For FY 2023-24, departments have submitted budget amendments that increase the total requested General Fund appropriations by \$186.7 million (1.3 percent), from \$14.8 billion to \$14.9 billion. Table 2 details the recent changes to each department's General Fund operating appropriation request for FY 2023-24. Please note that this document does not reflect amendments to departments' FY 2023-24 budget requests that may be submitted on Tuesday, January 17².

TABLE 2
GENERAL FUND OPERATING APPROPRIATION REQUESTS FOR FY 2023-24²

DEPARTMENT	NOVEMBER 1, 2022 REQUEST	JANUARY 3, 2023 BUDGET AMENDMENTS	REVISED REQUEST	PERCENTAGE CHANGE
Agriculture	\$15,970,155	\$1,223,667	\$17,193,822	7.7%
Corrections	955,113,645	8,261,178	963,374,823	0.9%
Early Childhood	128,867,910	11,200,729	140,068,639	8.7%
Education	4,661,206,613	120,200,311	4,781,406,924	2.6%
Governor	46,400,035	4,358,399	50,758,434	9.4%
Health Care Policy and Financing	4,430,841,585	8,184,662	4,439,026,247	0.2%
Higher Education	1,445,219,595	(4,923,784)	1,440,295,811	(0.3%)
Human Services	1,117,393,924	10,713,761	1,128,107,685	1.0%
Judicial	737,806,584	12,120,759	749,927,343	1.6%
Labor and Employment	30,489,903	1,069,987	31,559,890	3.5%
Law	23,693,196	839,823	24,533,019	3.5%
Legislature	70,076,612	0	70,076,612	0.0%
Local Affairs	59,036,867	347,572	59,384,439	0.6%
Military and Veterans Affairs	18,329,266	(4,133,930)	14,195,336	(22.6%)
Natural Resources	42,227,434	538,676	42,766,110	1.3%
Personnel	62,424,303	2,877,198	65,301,501	4.6%
Public Health and Environment	133,781,655	8,616,506	142,398,161	6.4%
Public Safety	305,213,526	2,500,324	307,713,850	0.8%

² Pursuant to Section 2-3-208 (2), C.R.S., budget amendments are due January 15 (or the next business day). Agencies typically submit some budget amendments earlier than January 15 if they correspond to a supplemental request.

TABLE 2
GENERAL FUND OPERATING APPROPRIATION REQUESTS FOR FY 2023-24²

DEPARTMENT	NOVEMBER 1, 2022 REQUEST	JANUARY 3, 2023 BUDGET AMENDMENTS	REVISED REQUEST	PERCENTAGE CHANGE
Regulatory Agencies	3,276,545	5,946	3,282,491	0.2%
Revenue	142,306,992	2,623,587	144,930,579	1.8%
State	12,753,927	0	12,753,927	0.0%
Transportation	0	0	0	n/a
Treasury	312,725,162	91,065	312,816,227	0.0%
TOTAL	\$14,755,155,434	\$186,716,436	\$14,941,871,869	1.3%

GOVERNOR’S REQUESTS THAT REQUIRE STATUTORY CHANGES

The State Constitution requires that the annual general appropriation bill (called the “Long Bill”) include only appropriations for agency expenses that are authorized under current law³. Most of the funding requested by departments for FY 2022-23 and FY 2023-24 is for purposes authorized under current law, and, if approved, will be included in a 2023 supplemental bill or the 2023 Long Bill. When a proposal within a budget request is contingent on a statutory change, the Governor typically includes a “placeholder” to set aside funding for that purpose. The required funds would then be appropriated or transferred through separate legislation that includes the necessary statutory changes. The JBC is often asked to consider sponsoring some of these bills.

Tables 3 and 4 provide a detailed list of items within the Governor’s budget proposal that would require separate legislation. If a proposal was submitted as part of a department’s prioritized operating budget requests, the priority number and title of that request is noted in the “description” column of Table 3. **Items that have changed as a result of the January 3, 2023, budget submission are highlighted in yellow.**

Table 3 identifies items that appear to be *appropriations*, and Table 4 includes items that appear to involve *transfers* out of the General Fund to other funds. This is an important distinction because the statutory General Fund reserve requirement⁴ applies to appropriations, but does not apply to transfers, TABOR refund obligations, or expenditures that are categorized as “rebates and expenditures”. If any of the items that appear to be transfers are instead made available through an appropriation, the General Fund reserve amounts that are reflected in Tables 7 and 8 of this document are understated.

TABLE 3
GOVERNOR’S REQUESTED AND PROPOSED FY 2023-24 GENERAL FUND *APPROPRIATION CHANGES*
THAT REQUIRE STATUTORY CHANGES

DEPARTMENT	DESCRIPTION	TOTAL FUNDS	GENERAL FUND	OTHER FUNDS
APPROPRIATION CHANGES:				
Early Childhood	R-03: Universal Preschool Provider Bonuses	\$5,000,000	\$5,000,000	\$0
Early Childhood	R-08: Records and Reports Cash Fund Solution	937,754	1,208,889	(271,135)

³Article V, Section 32 of the State Constitution specifies the general appropriation bill “shall embrace nothing but appropriations for the expense of the executive, legislative and judicial departments of the state, state institutions...and for public schools. All other appropriations shall be made by separate bills, each embracing but one subject.”

⁴Section 24-75-201.1 (1)(d), C.R.S., requires that the General Assembly maintain an unrestricted General Fund year-end balance each fiscal year equal to 15.0 percent of General Fund appropriations for that same fiscal year. For more information, see the November 15, 2022 JBC Staff budget briefing concerning the Statutory General Fund Reserve: <https://leg.colorado.gov/sites/default/files/gfreserve-11-15-22.pdf>.

TABLE 3
GOVERNOR'S REQUESTED AND PROPOSED FY 2023-24 GENERAL FUND APPROPRIATION CHANGES
THAT REQUIRE STATUTORY CHANGES

DEPARTMENT	DESCRIPTION	TOTAL FUNDS	GENERAL FUND	OTHER FUNDS
Education	R-01: State Share of District Total Program Increase (portion of request that reduces budget stabilization factor from 3.7 percent to 3.0 percent)	35,000,000	0	35,000,000
Education	R-02: Categorical Programs Inflation Increase (portion of request concerning special education programs)	29,020,152	0	29,020,152
Governor	OEDIT R-01: Reauthorize Advanced Industries Accelerator Grant	0	0	0
Health Care Policy and Financing	R-07: Provider Rate Adjustments (portion of request related to nursing facility rates)	39,182,927	19,591,463	19,591,464
Health Care Policy and Financing	R-07: Provider Rate Adjustments (portion of request related to copay changes)	7,345,507	1,439,499	5,906,008
Human Services	DHS R02: Preventing Youth Homelessness (portion of request related to creation of a new housing voucher for foster youth)	1,086,800	1,086,800	0
Human Services	DHS R-13: Sustaining ReHire Colorado	102,904	102,904	0
Human Services	Behavioral Health Administration R-05: Technical Adjustments (Care Navigation Program and 988 National Suicide Prevention Lifeline)	0	0	0
Judicial	Courts and Probation R-04: Judicial Security Office and Security Grant Funding Reinstatement	1,094,776	1,094,776	0
Labor and Employment	R-01: Employment Support Fund	0	0	0
Labor and Employment	R-03: Wage Theft Enforcement Workers Payments	201,252	0	201,252
Labor and Employment	R-04: Business Enterprise Program for People Who Are Blind (request for continuous appropriation)	0	0	0
Military and Veterans Affairs	R-01: Cash Fund Restoration (this \$4,908,395 transfer out of the General Fund to reverse a previous action is now requested as an appropriation for FY 2022-23, rather than for FY 2023-24)	0	0	0
Military and Veterans Affairs	R-04: Technical Funding Adjustment (Veterans Trust Fund and Real Estate Proceeds Cash Fund)	0	0	0
Natural Resources	R-04: Continue Wildfire Mitigation and Workforce Grants	5,000,000	0	5,000,000
Personnel	R-01: Center for Organizational Effectiveness Common Policy	0	(467,374)	467,374
Public Health and Environment	R-02: Water Infrastructure State Revolving Fund Match (expand eligible uses of Small Communities Water and Wastewater Grant Fund)	0	0	0
Public Safety	R-02: Create Office of School Safety	2,093,313	2,093,313	0
Public Safety	R-03: Fire Aviation Resources (portion of request for operating expenses related to the finance purchase of a Firehawk)	2,830,000	2,830,000	0
Public Safety	R-10: Resources for Fire Investigation and Data	3,243,155	3,243,155	0
Subtotal: Appropriations Requested Through Budget Requests		\$132,138,540	\$37,223,425	\$94,915,115
Various	Placeholder for Jan. 17, 2023 budget amendments	(\$103,700,000)	(\$103,700,000)	\$0
Various	Placeholder for budget amendments that appropriate money from the Revenue Loss Restoration Cash Fund to refinance certain General Fund appropriations (Referred to as "ARPA Prepay" in Governor's submittal)	0	(155,300,000)	155,300,000

TABLE 3
GOVERNOR'S REQUESTED AND PROPOSED FY 2023-24 GENERAL FUND *APPROPRIATION CHANGES*
THAT REQUIRE STATUTORY CHANGES

DEPARTMENT	DESCRIPTION	TOTAL FUNDS	GENERAL FUND	OTHER FUNDS
Health Care Policy and Financing	Placeholder for net General Fund impact of extension of enhanced federal match for the Medicaid program through an additional quarter (January - March 2023)	(100,000,000)	(100,000,000)	TBD
Subtotal: Appropriations Requested Through Budget Requests		(\$203,700,000)	(\$359,000,000)	\$155,300,000
Various	Legislative priorities	\$15,000,000	\$15,000,000	\$0
Governor	OEDIT Rural Opportunity Office	472,000	472,000	0
Treasury	Line of duty loss, medical benefits	150,000	150,000	0
Subtotal: Placeholder Amounts Proposed for Other 2023 Legislation		\$15,622,000	\$15,622,000	\$0
TOTAL APPROPRIATIONS		(\$55,939,460)	(\$306,154,575)	\$250,215,115

TABLE 4
GOVERNOR'S REQUESTED AND PROPOSED FY 2023-24 GENERAL FUND *TRANSFERS*
THAT REQUIRE STATUTORY CHANGES

DEPARTMENT	DESCRIPTION	TOTAL FUNDS	GENERAL FUND	OTHER FUNDS
TRANSFERS OUT OF GENERAL FUND:				
Unknown	Property tax relief	\$200,000,000	\$200,000,000	\$0
Early Childhood	"Prepay" for FY 2024-25 to continue funding certain early childhood policies	100,000,000	100,000,000	0
Governor	OSPB R-01: Infrastructure Investment and Jobs Act Cash Fund	91,000,000	91,000,000	0
Various	Workforce	70,000,000	70,000,000	0
n/a	Transfer \$50.0 million General Fund to the State Emergency Reserve Cash Fund	50,000,000	50,000,000	0
Public Health and Environment	"Prepay" related to FY 2022-23 budget request R-01 to continue fee mitigation through FY 2025-26	29,000,000	29,000,000	0
Unknown	Land use	15,000,000	15,000,000	0
Education	"Prepay" for FY 2024-25 to address declining math scores	13,000,000	13,000,000	0
State	Transfer to the Secretary of State Cash Fund to reduce business filing fees	9,000,000	9,000,000	0
Natural Resources	R-03: Wildfire Mitigation Investment Package	0	9,000,000	(9,000,000)
Natural Resources	R-07: Support for Winter Recreation and Avalanche Safety	1,108,178	0	1,108,178
Natural Resources	R-17: Water Plan Grant Program Legislative Placeholder	12,600,000	12,600,000	0
Regulatory Agencies	Health Insurance Affordability Enterprise	10,000,000	10,000,000	0
	Capital inflation	10,000,000	10,000,000	0
Education	Concurrent enrollment	5,000,000	5,000,000	0
Transportation	Transportation systems	5,000,000	5,000,000	0
Agriculture	Wild horse fertility control	3,000,000	3,000,000	0
Revenue	R-06: Marijuana Enforcement Division Cash Fund Solvency (\$2.1 million transfer from Marijuana Tax Cash Fund to Marijuana Cash Fund)	2,100,000	0	2,100,000
Public Safety	Urgent response fund	1,000,000	1,000,000	0
Governor - OEDIT	SolarApp+	1,000,000	1,000,000	0
Personnel	EcoPass	685,000	685,000	0
Revenue	Kratom regulation	500,000	500,000	0
Education	Modify statutory transfers from Marijuana Tax Cash Fund to the Public School Capital Construction Assistance Fund for the Building Excellent Schools Today (BEST) Program (modified proposal compared to November 1 submission)	0	0	0
TOTAL		\$628,993,178	\$634,785,000	(\$5,791,822)

GOVERNOR'S PLACEHOLDERS FOR INFRASTRUCTURE

Finally, the Governor's revised budget proposal includes an additional \$278.1 million General Fund to be transferred to the Capital Construction Fund in FY 2023-24 for capital construction and information technology projects. In addition, the Governor's revised budget proposal reflects an additional \$5.6 million General Fund transfer to the Capital Construction Fund in FY 2022-23. Table 5 summarizes the proposed transfers. Items that have changed as a result of the January 3, 2023, budget submission are highlighted in yellow.

DEPARTMENT	DESCRIPTION	FY 2022-23	FY 2023-24
<i>Capital Construction:</i>			
Controlled Maintenance	Levels I and II	\$0	\$129,408,559
Controlled Maintenance	Revised costs for Level II projects	n/a	1,500,000
Various	Capital Construction Projects (14)	0	92,853,717
Military and Veterans Affairs	Land acquisition	5,592,930	0
History Colorado	Grant Humphreys Mansion Exterior Life Safety Repairs and Rehabilitation	0	1,259,908
Public Safety	Finance Purchase of Firehawk	0	2,000,000
Higher Education	COP - Fort Lewis College, Colorado State University, University of Colorado	0	1,926,018
Higher Education	COP - Colorado State University for National Western Campus	0	17,499,348
Higher Education	Adjustment to avoid double-counting COP payment (reflected in OSPB forecast as part of infrastructure transfers)	0	(17,499,348)
	Adjustment for uncommitted Capital Construction Fund balance	0	(7,366,836)
	Adjusted Subtotal: Capital Construction	\$5,592,930	\$221,581,366
Various	Capital Information Technology Projects (4)		\$56,507,010
TOTAL		\$5,592,930	\$278,088,376

PROJECTED FY 2024-25 GENERAL FUND OBLIGATIONS

Staff has included some projections of General Fund Obligations for FY 2024-25 in both scenarios, but they are likely understated.

For *General Fund operating appropriations*, staff has included continuation of requested appropriations for FY 2024-25 plus a projected increase of \$702.0 million, comprised of the following three items:

- **Staff has included an increase of \$440.0 million based on the incremental out-year changes that are reflected in department budget requests**, as detailed in Table 6. As indicated by the dark blue shading in Table 6, the largest component of this increase is the Department of Health Care Policy and Financing's (HCPF's) projection of costs related to Medicaid enrollment and utilization (a total of \$322.2 million). The other significant component is the proposed \$173.8 million increase in the General Fund share of funding for public schools for FY 2024-25. Items that have changed as a result of the January 3, 2023, budget submission are highlighted in yellow.
- **Staff has included an additional \$166.8 million for increases in community provider rates.** This amount is based on preliminary information about the total General Fund cost of community provider rate increases requested by departments for FY 2023-24. This amount also includes the additional funding requested for FY 2023-24 to provide a full 12 months of funding for the rate increases approved for FY 2022-23 (primarily in HCPF). For purposes of this document, staff

simply included the same dollar increase in FY 2024-25, rather than trying to estimate the adjusted base amounts paid to providers statewide. Given the increases in base funding for the Medicaid program and other services provided through community-based providers, the projected cost for FY 2024-25 is understated. In addition, as the FY 2023-24 request assumes a 0.5 percent increase for all Medicaid providers and some targeted increases for certain providers.

- **Staff has included an additional \$54.6 million for FY 2024-25 for state employee salary increases.** This amount is estimated based on preliminary information about the total General Fund cost of the salary increases requested by departments for FY 2023-24 (\$88.8 million). The \$54.6 million reflects the estimated cost of approving the FY 2023-24 request, and approving another 3.0 percent across the board salary increase in FY 2024-25 (based on staff’s current understanding of the Administration’s recent negotiations with Colorado Wins). Please note that this estimate is low because it does not yet include the associated costs of required employer PERA contributions; and it does not include any costs associated with the Governor’s proposal to reinstate a “step” system for classified state employees. The Department of Personnel estimates that the reinstatement of a step system could cost up to \$109 million total funds in FY 2024-25.
- **Finally, staff has included an additional \$40.6 million for FY 2024-25 for higher education institutions, along with the associated increases required for student financial aid.** This amount assumes approval of the Governor’s FY 2023-24 request for an \$86.0 million (6.8 percent) increase for higher education institutions and student financial aid, and provides another 3.0 percent increase for FY 2024-25. This percentage increase is selected to mirror the assumed increase for classified state employees and for most community providers.

Finally, the estimated operating appropriations for FY 2024-25 are further understated as they currently exclude a projection of amounts likely to be provided for other state employee benefits (e.g., health and life insurance, short-term disability, and family and medical leave). Please note that the Executive Branch recently announced that the State would cover the employee portion of the premium for the FAMLII program. Based on the Legislative Council Staff fiscal note for HB 22-1133, this will cost an additional \$9.8 million per year. The Executive Branch is proposing to use the \$57.0 million General Fund “prepay” authorized by HB 22-1133 to cover these costs, which means that this “prepay” amount will be spent down twice as fast as anticipated in the fiscal note.

TABLE 6
INCREMENTAL GENERAL FUND CHANGE FOR DECISION ITEMS AND BUDGET AMENDMENTS
SUBMITTED FOR FY 2023-24, AS OF JANUARY 3, 2022

DEPARTMENT/ DECISION ITEM TITLE	FY 2023-24	FY 2024-25	FY 2024-25 CHANGE
Agriculture			
NP5 Legal Allocations	\$145,776	\$0	(\$145,776)
NPBA1 OIT-IT Accessibility	1,061,400	0	(1,061,400)
Corrections			
R8 Sober Recovery Homes for Reentry	5,000,000	377,000	(4,623,000)
R9 Fugitive Apprehension Unit	395,600	227,550	(168,050)
R11 Virtual Reality Career Training Program	845,814	576,711	(269,103)
NPBA1 OIT_IT Accessibility	886,357	0	(886,357)

TABLE 6
INCREMENTAL GENERAL FUND CHANGE FOR DECISION ITEMS AND BUDGET AMENDMENTS
SUBMITTED FOR FY 2023-24, AS OF JANUARY 3, 2022

DEPARTMENT/ DECISION ITEM TITLE	FY 2023-24	FY 2024-25	FY 2024-25 CHANGE
Early Childhood			
R2 Increasing UPK Participation	3,480,000	0	(3,480,000)
R3 UPK Provider Bonuses	5,000,000	0	(5,000,000)
R4 Early Intervention Caseload Adjustment	395,949	6,148,658	5,752,709
R5 Equity in the DEC	384,519	94,617	(289,902)
BA2 Early Childhood Intervention and Workforce Support	(672,034)	(4,186,199)	(3,514,165)
BA5 Employer Based Child Care	10,500,000	0	(10,500,000)
NPBA1 OIT_IT Accessibility	551,480	0	(551,480)
Education			
R1 State Share of Total Program Increase	150,000,000	323,759,819	173,759,819
R9 Leased Space Consolidation	507,665	(90,758)	(598,423)
R12 Developing a Vision for Strategic Alignment	175,000	0	(175,000)
NPBA1 OIT_IT Accessibility	1,655,845	0	(1,655,845)
Governor			
R1 (CEO) EPC Feasibility Study	750,000	0	(750,000)
NPBA2 (GOV) It Accessibility	1,132,649	0	(1,132,649)
HCPF			
R1 Medical services premiums	155,659,118	419,663,559	264,004,441
R2 Behavioral health programs	(3,443,854)	10,174,781	13,618,635
R3 Child health plan plus	8,051,152	11,154,614	3,103,462
R4 Medicare Modernization Act state contribution	3,285,804	14,483,870	11,198,066
R5 Office of Community Living	14,353,416	44,617,252	30,263,836
R6 Supporting PCMP Transition Value based payments	2,853,173	3,048,437	195,264
R7 Provider Rate Adjustments	69,830,979	89,271,077	19,440,098
R9 Advancing Birthing Equity	(357,242)	(49,744)	307,498
R10 Children and Youth with Complex and Co-Occurring Needs	200,043	1,085,358	885,315
R11 Compliance	(3,417,450)	(4,055,829)	(638,379)
R12 Behavioral Health Eligibility and Claims Processing	2,889,302	3,040,781	151,479
R13 Case Management Redesign	168,000	2,102,786	1,934,786
NP1 DOLA Housing Vouchers	(2,107,944)	(6,031,062)	(3,923,118)
BA6 Public Health Emergency Funding	2,620,180	0	(2,620,180)
BA7 Community-based Access to Services	175,000	8,125,994	7,950,994
BA11 Behavioral Health Crisis Response Funding	135,360	0	(135,360)
NPBA1 OIT_IT Accessibility	1,257,706	0	(1,257,706)
Higher Education			
BA1 Fitzsimmons Lease Purchase Agreement	(6,951,508)	0	6,951,508
BA2 Strategic Staffing Support for DHE	534,270	12,940	(521,330)
NPBA1 OIT_IT Accessibility	911,188	0	(911,188)
NPBA2 Pay Plan Adjustment	434,927	0	(434,927)
Human Services			
DHSR4 Improving Medicaid Access for Child Welfare Youth	162,500	325,000	162,500
DHSR6 DYS Security Equipment Upgrades	540,600	137,000	(403,600)
DHSR17 Realign Child Welfare Hotline Budget	(535,787)	0	535,787
BA4 Promoting Equity Through Technology and Automation	1,076,832	3,398,091	2,321,259
NPBA02 OIT_IT Accessibility	416,770	0	(416,770)
NPBA03 HLD True-up	1,686,485	0	(1,686,485)
Judicial			
OSPD R1 Salary survey	10,958,435	11,954,656	996,221
JUDR11 County initiated courthouse furnishings	1,302,525	0	(1,302,525)
BA5 Courthouse Furnishings and Infrastructure	967,499	0	(967,499)
Labor and Employment			
NPBA OIT IT Accessibility	850,617	0	(850,617)
NPBA1 OIT Real-time Billing	(455,024)	0	455,024
NPBA3 HLD True-up	105,257	0	(105,257)
Law			
R9 Safe2Tell	202,218	16,194	(186,024)
BA1 Total Compensation BA	747,769	0	(747,769)

TABLE 6
INCREMENTAL GENERAL FUND CHANGE FOR DECISION ITEMS AND BUDGET AMENDMENTS
SUBMITTED FOR FY 2023-24, AS OF JANUARY 3, 2022

DEPARTMENT/ DECISION ITEM TITLE	FY 2023-24	FY 2024-25	FY 2024-25 CHANGE
Local Affairs			
R1 Additional Resources for DOLA/HCPF Housing Voucher Program	1,659,303	3,417,069	1,757,766
Military and Veterans Affairs			
R1 Cash Fund Restoration	4,908,395	0	(4,908,395)
Natural Resources			
BA2 Increase Water Plan Grants Leg. Placeholder	7,600,000	0	(7,600,000)
NPBA1 OIT_IT Accessibility	149,337	0	(149,337)
NPBA3 HLD True UP	178,414	0	(178,414)
Personnel			
NP5 Capitol complex staffing	114,384	0	(114,384)
R2 Labor union support team	1,833,908	2,268,009	434,101
R3 Statewide COWINS wage reopener impacts	30,004,602	27,572,696	(2,431,906)
R11 Employee engagement survey vendor	285,000	0	(285,000)
NPBA2 Cap Complex Inflation and Fire Code	344,301	0	(344,301)
NPBA5 OIT_IT Accessibility	2,113,485	0	(2,113,485)
Public Health and Environment			
R1 Protective water quality control	4,125,165	5,961,596	1,836,431
R3 Health Facilities Cash Fund fee relief	2,100,000	0	(2,100,000)
R4 Dairy protection fee relief	412,000	0	(412,000)
R5 Sustaining environmental justice act services	4,487,382	0	(4,487,382)
R6 Vital Statistics Records Cash Fund fee relief	1,383,409	0	(1,383,409)
BA3 Prevent Outbreaks through Outreach and Equity	3,632,053	3,791,704	159,651
NPBA1 OIT_IT Accessibility	3,510,984	0	(3,510,984)
NPBA5 HLD True up	369,388	0	(369,388)
NPBA7 PEAK	78,637	0	(78,637)
Public Safety			
R1 CO Auto theft prevention initiative	7,915,323	4,719,274	(3,196,049)
R2 Create Office of School Safety	2,093,313	1,857,472	(235,841)
R3 Fire aviation resources	11,830,823	11,657,990	(172,833)
R4 Grants for physical security in schools	6,000,000	0	(6,000,000)
R5 Invest in local crime prevention	9,000,000	0	(9,000,000)
R10 Resources for fire investigations and data	3,243,155	2,317,095	(926,060)
R12 Expand training for local fire districts	4,651,780	2,748,851	(1,902,929)
R14 Statewide fire risk reduction initiative	1,556,309	890,242	(666,067)
R19 VINE program update	283,709	58,080	(225,629)
NPBA7 OIT_IT Accessibility	853,610	0	(853,610)
NPBA8 HLD True Up	418,851	0	(418,851)
NPBA12 Risk Legal Appropriation	254,809	0	(254,809)
Regulatory Agencies			
Revenue			
NPBA1 OIT_IT Accessibility	1,596,040	0	(1,596,040)
NPBA2 OIT FY24 Real Time Billing	(218,403)	0	218,403
Transportation			
Treasury			
R4 Deferred property tax program	441,550	546,186	104,636
R5 IT accessibility	183,815	16,711	(167,104)
All other decision items	342,278,333	335,764,667	(6,513,666)
TOTAL STATEWIDE FOR ALL DECISION ITEMS	\$902,374,724	\$1,342,366,245	\$439,991,521

For the Governor's *appropriation placeholders*, staff has assumed the following:

- **Staff's figure for budget amendments is consistent with the Governor's proposal to utilize \$305.0 million from the Revenue Loss Restoration Fund to temporarily reduce existing General Fund appropriations over the next two fiscal years (\$155.3 million in FY 2023-24 and \$150.0 million in FY 2024-25).** [Please note that this proposal would require a \$150.0 million

increase in FY 2025-26.] With regard to the placeholders for budget amendments that will be submitted on January 17, staff assumes that the estimated \$103.7 million decrease in appropriations will be ongoing. Staff does not assume that the \$100.0 million decrease in appropriations that will likely be reflected in the future based on the extension of the enhanced federal match rate for the Medicaid program will continue in FY 2024-25.

- **Staff assumes that the \$15.0 million that is anticipated to be appropriated through various bills that are prioritized by the legislature will remain the same for FY 2024-25.**

For FY 2024-25 *transfers out of the General Fund*, staff has assumed the following:

- For the **out-year costs associated with state infrastructure, staff has reflected a total of \$251.5 million for FY 2024-25.** This includes \$95.0 million for the FY 2024-25 costs of the capital construction and information technology projects included in the Governor’s budget request. Staff has also included \$156.5 million for controlled maintenance projects. This amount is equal to 1.0 percent of the current replacement value of state facilities, consistent with the longstanding recommendation from the Office of the State Architect concerning annual funding for controlled maintenance. For purposes of comparison, the Governor’s FY 2023-24 budget request includes \$130.9 million for controlled maintenance projects.
- **While the Governor is proposing \$634.8 million in transfers out of the General Fund for various purposes in FY 2023-24, all but one of these transfers are described as one-time state investments or “prepays”.** The one exception is the proposed transfer of \$100.0 million General Fund to essentially set a side funding for FY 2024-25 to continue certain early childhood policies that have been implemented on a temporary basis using “stimulus” funds. The Governor’s January 3, 2023 submission indicates that \$19.6 million of this amount will need to continue in FY 2025-26 to continue to comply with state rules and federal law.

FY 2022-23 AND FY 2023-24 REQUESTS IN THE CONTEXT OF THE DECEMBER 2022 REVENUE FORECASTS

The General Assembly utilized the Legislative Council Staff (LCS) March 2022 revenue forecast as the basis for the FY 2022-23 budget. The Governor’s budget request for FY 2023-24 was based on the Office of State Planning and Budgeting (OSPB) September 2022 revenue forecast, and subsequent amendments to this request were based on the OSPB December 2022 forecast. In mid-March the JBC will determine which revenue forecast to use as the basis for finalizing FY 2022-23 appropriations and proposing the FY 2023-24 budget.

COMPARISON OF FORECASTS

Tables 7 through 9 are intended to provide a framework for the JBC as it finalizes decisions concerning mid-year adjustments, and as it begins taking action on budget requests for FY 2023-24. These tables are based on the most recent economic and revenue forecasts that were presented to the JBC on December 20, 2022. Table 7 is based on the Legislative Council Staff (LCS) forecast, Table 8 is based on the OSPB forecast, and Table 9 identifies the differences between the two forecasts.

For both of these scenarios, staff used the same assumptions about appropriations and transfers from the General Fund (these items are highlighted in yellow in *Appendix A*). Specifically, staff included:

- *Interim* supplemental requests for FY 2022-23 that were approved by the JBC;
- *Regular* supplemental appropriation requests for FY 2022-23 that have been submitted to date;
- Appropriations that have been requested for FY 2023-24 by the Governor, Judicial Branch agencies, and elected officials (including budget amendments that were submitted on January 3); and
- Placeholders identified to date in the Governor's requests for FY 2022-23 and FY 2023-24.

A full General Fund overview for each forecast is included in *Appendix A*.

Under the OSPB forecast, the total amount of available General Fund is sufficient to cover the requested appropriations and proposed transfers out of the General Fund. However, under the LCS forecast, the General Fund reserve would fall short of the statutorily required reserve in FY 2023-24 (a gap of \$53.3 million).

The most significant differences between the two revenue forecasts include the following:

- The LCS forecast of General Fund revenue is higher than the OSPB forecast throughout the forecast period. The gap is relatively large in the near term (\$856.0 million for FY 2023-24), representing 4.9 percent of projected General Fund revenues. The gap narrows to \$582.7 million for FY 2024-25.
- Both forecasts anticipate that state revenues will exceed the Referendum C cap throughout the forecast period. As expected, the LCS forecast projects larger TABOR refund obligations than the OSPB forecast. However, due to significant differences in projections of cash fund revenues that are subject to the TABOR limit, the gap between the two forecasts is even larger for TABOR refunds. The gap is over \$1.0 billion for FY 2023-24, and narrows to \$638.1 million for FY 2024-25. Since TABOR refunds are paid out of the General Fund, this reduces the amount of General Fund available for other purposes.
- **Overall, the LCS forecast could be considered more conservative for budgeting purposes as it anticipates less General Fund to be available in the current and next two fiscal years.**

Both OSPB and LCS will produce one more revenue forecast before the JBC needs to finalize FY 2022-23 appropriations and propose the FY 2023-24 budget. These forecasts are scheduled to be presented to the JBC on Thursday, March 16.

Table 7
General Fund Overview as of January 17, 2023
LCS December 2022 Forecast
(\$ millions)

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
General Fund Available					
1	Beginning Reserve	\$3,181.5	\$3,201.9	\$2,199.5	\$2,084.7
2	Gross General Fund Revenue	17,697.9	16,869.8	17,350.0	18,195.3
3	Transfers In From Other Funds	59.5	42.2	27.8	26.6
4	Total General Fund Available	\$20,938.9	\$20,113.9	\$19,577.3	\$20,306.6
General Fund Obligations					
5	Appropriations subject to statutory reserve requirement	\$12,031.2	\$13,464.2	\$14,253.1	\$14,873.6
6	Rebates and Expenditures	149.6	193.9	245.8	253.3
7	TABOR Refund Obligations	3,850.0	2,619.0	1,533.6	1,374.5
8	Transfers Out and Other Diversions	1,799.8	1,790.5	1,460.2	982.6
9	Total General Fund Obligations	\$17,830.5	\$18,067.7	\$17,492.6	\$17,484.0
10	Reversions and Accounting Adjustments	\$93.5	\$153.2	n/a	n/a
11	Fiscal Year-end General Fund Reserve	\$3,201.9	\$2,199.5	\$2,084.7	\$2,822.5
12	Statutorily Required Reserve Percent	13.4%	15.0%	15.0%	15.0%
13	Required Reserve Amount	\$1,612.2	\$2,019.6	\$2,138.0	\$2,231.0
14	Year-end Reserve Above/(Below) Statutory Requirement	\$1,589.7	\$179.9	(\$53.3)	\$591.5

Table 8
General Fund Overview as of January 17, 2023
OSPB December 2022 Forecast
(\$ millions)

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
General Fund Available					
1	Beginning Reserve	\$3,181.5	\$3,202.2	\$2,326.4	\$2,380.9
2	Gross General Fund Revenue	17,697.9	16,844.5	16,494.0	17,612.6
3	Transfers In From Other Funds	59.5	24.2	26.2	25.5
4	Total General Fund Available	\$20,939.0	\$20,070.8	\$18,846.7	\$20,019.0
General Fund Obligations					
5	Appropriations subject to statutory reserve requirement	\$12,031.2	\$13,464.2	\$14,253.1	\$14,873.6
6	Rebates and Expenditures	149.6	140.0	248.5	253.4
7	TABOR Refund Obligations	3,850.0	2,337.7	469.4	736.5
8	Transfers Out and Other Diversions	1,799.5	1,802.5	1,494.8	892.1
9	Total General Fund Obligations	\$17,830.3	\$17,744.4	\$16,465.8	\$16,755.6
10	Reversions and Accounting Adjustments	\$93.4	\$0.0	n/a	n/a
11	Fiscal Year-end General Fund Reserve	\$3,202.2	\$2,326.4	\$2,380.9	\$3,263.4
12	Statutorily Required Reserve Percent	13.40%	15.00%	15.00%	15.00%
13	Required Reserve Amount	\$1,612.2	\$2,019.6	\$2,138.0	\$2,231.0
14	Year-end Reserve Above/(Below) Statutory Requirement	\$1,590.0	\$306.8	\$242.9	\$1,032.4

Table 9
 General Fund Overview as of January 17, 2023
 Differences: **LCS Higher/(Lower) Than OSPB**
 (\$ millions)

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
General Fund Available					
1	Beginning Reserve	\$0.0	(\$0.3)	(\$126.9)	(\$296.2)
2	Gross General Fund Revenue	(0.0)	25.3	856.0	582.7
3	Transfers In From Other Funds	(0.1)	18.1	1.6	1.1
4	Total General Fund Available	(\$0.1)	\$43.1	\$730.6	\$287.6
General Fund Obligations					
5	Appropriations subject to statutory reserve requirement	\$0.0	\$0.0	\$0.0	\$0.0
6	Rebates and Expenditures	0.0	53.9	(2.8)	(0.1)
7	TABOR Refund Obligations	0.0	281.3	1,064.1	638.1
8	Transfers Out and Other Diversions	0.3	(12.0)	(34.5)	90.5
9	Total General Fund Obligations	\$0.3	\$323.3	\$1,026.8	\$728.5
10	Reversions and Accounting Adjustments	\$0.0	\$153.2	n/a	n/a
11	Fiscal Year-end General Fund Reserve	(\$0.3)	(\$126.9)	(\$296.2)	(\$440.9)

General Fund Overview as of January 17, 2023

Based on the LCS DECEMBER 2022 Forecast

(\$ millions)

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
General Fund Available					
1	Beginning Reserve	\$3,181.5	\$3,201.9	\$2,199.5	\$2,084.7
2	Gross General Fund Revenue	17,697.9	16,869.8	17,350.0	18,195.3
3	Transfers In (existing law reflected in forecast)	59.5	42.2	27.8	26.6
4	Total General Fund Available	\$20,938.9	\$20,113.9	\$19,577.3	\$20,306.6
LESS: General Fund Obligations					
5	<i>Appropriations</i> (actual, requested, and projected)	\$12,247.1	\$13,903.4	\$14,755.2	\$15,457.1
6	Interim supplemental requests approved by JBC (operating)	n/a	6.3	n/a	n/a
7	Supplemental requests and budget amendments submitted Jan. 3, 2023	n/a	(215.9)	186.7	Included above
8	Placeholder for budget amendments submitted Jan. 17, 2023	n/a	n/a	(359.0)	(253.7)
9	Governor's placeholder for 2023 legislation	n/a	n/a	15.0	15.0
10	Governor's placeholder for specific 2023 legislation	n/a	n/a	0.6	0.6
11	LESS: Appropriations for rebates and expenditures	(215.9)	(229.6)	(345.4)	(345.4)
12	Subtotal: Appropriations subject to statutory reserve requirement	12,031.2	13,464.2	14,253.1	14,873.6
13	<i>Rebates and Expenditures</i> (reflected in forecast)	149.6	193.9	245.8	253.3
<i>TABOR Refund [Article X, Section 20 (7)(d)]</i>					
14	Current year revenue above Referendum C Cap (refunded in following fiscal year)	3,850.0	2,619.0	1,533.6	1,374.5
<i>Transfers Out and Other Diversions</i>					
15	Transportation (existing law reflected in forecast)	484.9	88.0	0.0	117.5
16	Capital/IT projects (existing law reflected in forecast, including HB 22-1105)	357.0	482.2	20.0	20.0
17	Interim supplemental requests approved by JBC (capital)	0.0	0.0	n/a	n/a
18	Other capital transfers reflected in the Governor's budget proposal as of Nov. 1, 2022	n/a	0.0	282.7	251.5
19	Changes to capital transfers reflected in the Governor's Jan. 3, 2023 submittal	n/a	5.6	(4.6)	3.0
20	Other Transfers and Diversions (existing law reflected in forecast)	957.9	1,214.7	527.3	590.6
21	Other transfers reflected in the Governor's budget proposal as of Jan. 3, 2023	n/a	0.0	634.8	0.0
22	Subtotal: Other Obligations	5,799.3	4,603.5	3,239.5	2,610.4
23	Total General Fund Obligations	\$17,830.5	\$18,067.7	\$17,492.6	\$17,484.0
PLUS: Reversions and Accounting Adjustments (including underrefunds of TABOR surpluses from prior years)					
		\$93.5	\$153.2	n/a	n/a
Reserve					
24	Fiscal Year-end General Fund Reserve	\$3,201.9	\$2,199.5	\$2,084.7	\$2,822.5
<i>Statutory Reserve Requirement</i>					
25	Statutorily Required Reserve Percent	13.4%	15.0%	15.0%	15.0%
26	Required Reserve Amount	\$1,612.2	\$2,019.6	\$2,138.0	\$2,231.0
27	Year-end Reserve Above/(Below) Requirement	\$1,589.7	\$179.9	(\$53.3)	\$591.5

Totals may not sum due to rounding.

General Fund Overview as of January 17, 2023
Based on the OSPB DECEMBER 2022 Forecast
(\$ millions)

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
General Fund Available					
1	Beginning Reserve	\$3,181.5	\$3,202.2	\$2,326.4	\$2,380.9
2	Gross General Fund Revenue	17,697.9	16,844.5	16,494.0	17,612.6
3	Transfers In (existing law reflected in forecast)	59.5	24.2	26.2	25.5
4	Total General Fund Available	\$20,939.0	\$20,070.8	\$18,846.7	\$20,019.0
LESS: General Fund Obligations					
5	<i>Appropriations (actual, requested, and projected)</i>	12,247.1	13,903.4	14,755.2	15,457.1
6	Interim supplemental requests approved by JBC (operating)	n/a	6.3	n/a	n/a
7	Supplemental requests and budget amendments submitted Jan. 3, 2023	n/a	(215.9)	186.7	Included above
8	Placeholder for budget amendments submitted Jan. 17, 2023	n/a	n/a	(359.0)	(253.7)
9	Governor's placeholder for 2023 legislation	n/a	n/a	15.0	15.0
10	Governor's placeholder for specific 2023 legislation	n/a	n/a	0.6	0.6
11	LESS: Appropriations for rebates and expenditures	(215.9)	(229.6)	(345.4)	(345.4)
12	Subtotal: Appropriations subject to statutory reserve requirement	12,031.2	13,464.2	14,253.1	14,873.6
13	Rebates and Expenditures (reflected in forecast)	149.6	140.0	248.5	253.4
<i>TABOR Refund [Article X, Section 20 (7)(d)]</i>					
14	Current year revenue above Referendum C Cap (refunded in following fiscal year)	3,850.0	2,337.7	469.4	736.5
<i>Transfers Out and Other Diversions</i>					
15	Transportation (existing law reflected in forecast)	512.9	88.0	0.0	0.0
16	Capital/11 projects (existing law reflected in forecast, including HB 22-1107)	357.0	482.2	20.0	20.0
17	Interim supplemental requests approved by JBC (capital)	0.0	0.0	n/a	n/a
18	Other capital transfers reflected in the Governor's budget proposal as of Nov. 1, 2022	n/a	0.0	282.7	251.5
19	Changes to capital transfers reflected in the Governor's Jan. 3, 2023 submittal	n/a	5.6	(4.6)	3.0
20	Other Transfers and Diversions (existing law reflected in forecast)	929.6	1,226.7	561.9	617.6
21	Other transfers reflected in the Governor's budget proposal as of Jan. 3, 2023	n/a	0.0	634.8	0.0
22	Subtotal: Other Obligations	5,799.1	4,280.2	2,212.7	1,882.0
23	Total General Fund Obligations	\$17,830.3	\$17,744.4	\$16,465.8	\$16,755.6
PLUS: Reversions and Accounting Adjustments (including underrefunds)					
		\$93.4	\$0.0	n/a	n/a
Reserve					
24	Fiscal Year-end General Fund Reserve	\$3,202.2	\$2,326.4	\$2,380.9	\$3,263.4
<i>Statutory Reserve Requirement</i>					
25	Statutorily Required Reserve Percent	13.4%	15.0%	15.0%	15.0%
26	Required Reserve Amount	\$1,612.2	\$2,019.6	\$2,138.0	\$2,231.0
27	Year-end Reserve Above/(Below) Requirement	\$1,590.0	\$306.8	\$242.9	\$1,032.4

Totals may not sum due to rounding.