

MEMORANDUM

TO: JBC Members

FROM: John Ziegler

SUBJECT: December Revenue Forecast

DATE: February 2, 2016

Legislative Council Staff (LCS) and the Office of State Planning and Budgeting (OSPB) released their December revenue forecasts on December 21, 2015. The General Fund Overview has been updated for the Committee decisions to date and the Governor's FY 2016-17 budget requests made through January 15, 2016. Please note that many of the items in these overviews will change as the course of the session continues. Attached are four tables that provide a comparison of the information as it pertains to the December revenue forecasts.

- Table 1:** Provides the General Fund Overview based on the LCS revenue forecast.
- Table 2:** Provides the General Fund Overview based on the OSPB revenue forecast.
- Table 3:** Provides a summary of the General Fund amounts for FY 2014-15, FY 2015-16, and FY 2016-17 by department.
- Table 4:** Provides a summary of bills that will impact the FY 2015-16 budget balance.

Please note that based on both forecasts the General Fund has a deficit for FY 2015-16. The LCS forecast indicates a forecasted deficit as compared to the 6.5 percent statutory reserve of \$56.8 million (5.9 percent reserve) and the OSPB forecast indicates a forecasted deficit of \$39.7 million (6.1 percent reserve). However, the Governor's current budget requests that this amount should be resolved by the usage of the statutory reserve and that the statutory reserve be replenished to 6.5 percent in FY 2016-17. Due to this, the amounts that the reserve would be impacted are shown in a line item for FY 2015-16 that indicates they are the amount that the reserve would be lowered if it were used to balance FY 2015-16. The General Assembly could take action during the 2016 Session if they choose to retain a full 6.5 percent reserve in FY 2015-16. That determination has yet to be made but use of the reserve to balance is reflected in these General Fund overviews as requested in Henry Sobanet's letter of January 15, 2016 that outlines the Governor's request.

It should also be noted that the Governor's January 15, 2016 request was adjusted to be at the fiscally lower revenue level that was projected by LCS. Therefore, adjustments have been included to lower the OSPB General Fund Overview to this level. Absent these adjustments, the OSPB year-end amount for FY 2016-17 would be higher. Additionally, decisions made by the General Assembly during the supplemental process may necessitate changes to the levels of General Fund contained in the Governor's FY 2016-17 request. **This is especially true in Education and Health Care Policy and Financing where an approximate combined \$125 million adjustment to increase the request may be required in FY 2016-17 based on JBC supplemental actions. These potential adjustments would reduce the reflected surplus amounts to close to zero.**

Table 1
General Fund Overview Based On Legislative Council December 2015 Revenue Estimate
Updated for Preliminary JBC Action on Supplementals
(millions of dollars)

	FY 14-15	FY 15-16	FY 16-17
1 Beginning GF Reserve	\$435.9	\$731.0	\$548.9
2 GF Nonexempt Revenues	7,417.6	7,612.3	8,047.2
3 GF Exempt Revenues	2,384.1	2,361.5	2,563.7
4 Transfers/Paybacks (Prior Sessions)	65.8	15.6	16.1
5 Revenue Changes Requested in the Governor's November 2015 Budget Submission	0.0	3.8	0.5
6 TOTAL GF AVAILABLE	\$10,303.4	\$10,724.2	\$11,176.4
7			
8 GF Obligations:			
9 GF Appropriations	\$8,869.0	\$9,442.1	\$9,831.3
10 Proposition BB Marijuana Appropriations	0.0	12.1	0.0
11 Supplemental Requests Approved by JBC	0.5	(4.9)	0.0
12 JBC Bills Included in the Supplemental Package	0.0	(93.5)	0.0
13 Supplemental Requests/Budget Amendments not yet heard by JBC	0.0	0.0	(154.7)
14 Placeholders in the Governor's January 15, 2016 Budget Submission (IDD Task Force)	0.0	0.0	6.4
15 Adjusted GF Appropriations Base	8,869.5	9,355.8	9,683.0
16 Amounts Deemed Exempt from the Restriction on State Appropriations (Section 24-75-201.1, C.R.S.)	0.0	0.0	0.0
17 Medicaid Overexpenditures/Payment Delays as Required by OSPB and the Controller	0.0	0.0	0.0
18 TABOR Refund Under Art X, Section 20, (7)(d)	156.5	0.0	191.6
19 Adjustment to TABOR Refund Based on Hospital Provider Rate Request in Governor's November 2015 Budget Submission	0.0	0.0	(100.0)
20 TABOR Refund Under Art X, Section 20, (3)(c)	58.0	(58.0)	0.0
21 Rebates and Expenditures - Based on Statutory Minimums	141.4	143.6	148.9
22 Reimbursement for Senior and Veterans Property Tax Exemption	116.9	133.0	142.7
23 Transfer to HUTF (Sec. 24-75-219, C.R.S.)	0.0	199.5	106.1
24 Adjustment to Transfer to HUTF (Sec. 24-75-219, C.R.S.) Based on Hospital Provider Fee Revenue Adjustment	0.0	0.0	106.4
25 Transfer to Capital Construction (Sec. 24-75-219, C.R.S.)	0.0	49.9	26.5
26 Adjustment to Transfer to Capital Construction (Sec. 24-75-219, C.R.S.) Based on Hospital Provider Fee Revenue Adjustment	0.0	0.0	26.6
27 Transfer to the Capital Construction Fund Other than those Required Under Sec. 24-75-219, C.R.S.	248.5	221.4	5.4
28 Transfer to FPPA and SEF - SB 13-234	25.3	25.3	25.3
29 Transfer to Other Funds	42.4	104.9	62.5
30 Adjustment to Balance "Transfer to Other Funds" in Governor's November 2015 Budget Submission	0.0	0.0	0.0
31 Accounting Adjustments	(86.1)	0.0	0.0
32 TOTAL GF OBLIGATIONS	\$9,572.4	\$10,175.3	\$10,425.0
33			
34 YEAR END GF RESERVE	\$731.0	\$548.9	\$751.4
35 Additional Amount Required to Decrease Statutory Reserve as Requested by Governor on January 15, 2016 (= 5.9% Reserve)	\$0.0	(\$56.8)	\$0.0
36 STATUTORY RESERVE (Section 24-75-201.1 (1) (d), C.R.S.) ADJUSTED for LLS 15-1022	576.5	605.7	626.1
37 MONIES IN (DEFICT)/EXCESS OF THE STATUTORY GF RESERVE	\$154.5	(\$0.0)	\$125.3
38 Reduction Needed to Maintain 1/2 of Statutory Reserve	N/A	N/A	N/A

Table 1 - Continued

	FY 14-15	FY 15-16	FY 16-17
39 Total Gross General Fund Revenues	\$9,801.7	\$9,973.8	\$10,610.9
40 Percent Gross General Fund Revenue Growth	9.2%	1.8%	6.4%
41			
42 Transfer to the State Education Fund	\$519.8	\$524.0	\$556.9
43 Transfer of Excess Reserve to SEF pursuant to SB 11-156, HB 12-1338, SB 13-234, SB 13-260	25.3	25.3	25.3
44 Transfer of Excess Reserve to SEF pursuant to HB 14-1342	0.0	0.0	0.0
45 Total Transfers to the State Education Fund	\$545.1	\$549.3	\$582.2
46			
47 Required TABOR Reserve	\$370.4	\$382.6	\$398.0
48			
49 GF Approp Base (Adj GF approp base + K-12 Capital + Amt Deemed Exempt + Medicaid Over)	\$8,869.5	\$9,355.8	\$9,683.0
50 Total Percent Growth (Including both items within restriction and exemptions)	7.5%	5.5%	3.5%
51 GF Appropriations Base Available Growth	\$618.5	\$486.3	\$327.2
52			
53 Personal Income (Sec 24-75-201.1 (1)(e)(I), CRS) - Calculation to Trigger SB 228	\$246,448.0	\$261,735.0	\$275,084.0
54 Percent Increase/(Decrease) Over Previous Year	2.3%	6.2%	5.1%
55			
56 Calculated Restriction on GF Appropriation Growth (Sec 24-75-201.1 (1)(a)(VII)(A), CRS)	\$12,045.3	\$12,322.4	\$13,086.8
57 Adjusted GF Appropriations Base	8,869.5	9,355.8	9,683.0
58 Over/(Under) Calculated Appropriations Restriction	(\$3,175.8)	(\$2,966.6)	(\$3,403.8)
59			
60 Additional Percentage Required to Decrease Statutory Reserve to as Requested by Governor on January 15, 2016	0.0%	-0.6%	0.0%
61 Year-End GF Statutory Reserve Percentage	6.5%	6.5%	6.5%
62 Year-End GF Excess of Statutory Reserve Percentage	1.7%	0.0%	1.3%
63			
64 Rebates and Expenditures Include (from LCS Forecast)			
65 Cigarette Rebate	\$12.3	\$10.7	\$10.7
66 Marijuana Tax	\$6.3	\$7.9	\$9.0
67 Old Age Pension	99.8	103.8	107.8
68 Aged Property Tax & Heating Credit	5.7	5.4	5.5
69 Older Coloradans Fund (Off Budget - not in Long Bill)	11.5	10.0	10.0
70 FPPA	4.2	4.2	4.2
71 Amendment 35 GFE Expenditures	0.9	0.8	0.8
72 Treasurer's Loans to School Districts (Off Budget -- Not in Long Bill)	0.7	0.8	0.9
73 Total Rebates and Expenditures	\$141.4	\$143.6	\$148.9

Table 1 - Continued

	FY 14-15	FY 15-16	FY 16-17
74 Calculation of Statutory Reserve (Assuming Passage of JBC Bill SB 15-251)			
75 Adjusted GF Appropriations Base		\$9,355.8	\$9,683.0
76 Amounts Exempt from Statutory Reserve:			
77 Anschutz Medical Campus COP		7.2	7.2
78 Federal Mineral Lease COP		5.8	17.8
79 CSP II COP		20.3	20.3
80 Lease Purchase of Ralph L. Carr Judicial Center		3.9	3.9
81 Public Safety COPs for Pueblo and Grand Junction Labs		0.8	1.6
82 Adjusted GF Base For Calculation of Statutory Reserve		9,317.8	9,632.2
83 STATUTORY RESERVE (Section 24-75-201.1 (1) (d), C.R.S.)		\$605.7	\$626.1

Table 2
General Fund Overview Based On OSPB December 2015 Revenue Estimate
Updated for Preliminary JBC Action on Supplementals
(millions of dollars)

	FY 14-15	FY 15-16	FY 16-17
1 Beginning GF Reserve	\$435.9	\$730.9	\$566.0
2 GF Nonexempt Revenues	7,417.6	7,585.8	8,112.6
3 GF Exempt Revenues	2,384.1	2,423.0	2,571.1
4 Transfers/Paybacks (prior Sessions)	65.9	16.3	16.1
5 OSPB Adjustment to Match LCS Revenues	0.0	(35.0)	(72.8)
6 Revenue Changes Requested in the Governor's November 2015 Budget Submission	0.0	3.8	0.5
7 TOTAL GF AVAILABLE	\$10,303.5	\$10,724.8	\$11,193.5
8			
9 GF Obligations:			
10 GF Appropriations	\$8,869.0	\$9,442.1	\$9,831.3
11 Proposition BB Marijuana Appropriations	\$0.0	\$12.1	\$0.0
12 Supplemental Requests Approved by JBC	0.5	(4.9)	0.0
13 JBC Bills included in the Supplemental Package	0.0	(93.5)	0.0
14 Budget Amendment Requests not yet Heard by JBC	0.0	0.0	(154.7)
15 Placeholders in the Governor's January 15, 2016 Budget Submission (IDD Task Force)	0.0	0.0	6.4
16 Adjusted GF Appropriations Base	8,869.5	9,355.8	9,683.0
17 Amounts Deemed Exempt from the Restriction on State Appropriations (Section 24-75-201.1, C.R.S.)	0.0	0.0	0.0
18 Governor Request, Higher Education, COSI Funds Exempt from Restriction on State Appropriations	0.0	0.0	0.0
19 Medicaid Overexpenditures/Payment Delays as Required by OSPB and Controller	0.0	0.0	0.0
20 Estimated Federal Medical Assistance Percentage (FMAP) Changes (includes SB264 impact)	0.0	0.0	0.0
21 TABOR Refund Under Art X, Section 20, (7)(d)	156.5	0.0	191.6
22 Adjustment to TABOR Refund Based on Hospital Provider Rate Request in Governor's November 2015 Budget Submission	0.0	0.0	(100.0)
23 TABOR Refund Under Art X, Section 20, (3)(c)	58.0	(58.0)	0.0
24 Rebates and Expenditures - Based on Statutory Minimums	141.4	134.0	138.1
25 Reimbursement for Senior and Veterans Property Tax Exemption	116.9	130.4	146.4
26 Transfer to HUTF (Sec. 24-75-219, C.R.S.)	0.0	200.2	106.8
27 Adjustment to Transfer to HUTF (Sec. 24-75-219, C.R.S.) Based on Hospital Provider Fee Revenue Adjustment	0.0	(0.7)	106.9
28 Transfer to Capital Construction (Sec. 24-75-219, C.R.S.)	0.0	50.0	26.7
29 Adjustment to Transfer to Capital Construction (Sec. 24-75-219, C.R.S.) Based on Hospital Provider Fee Revenue Adjustment	0.0	0.0	26.7
30 Transfer to the Capital Construction Fund Other than those Required Under Sec. 24-75-219, C.R.S.	248.5	221.4	1.5
31 Transfer to FPPA and SEF - SB 13-234	25.3	25.3	25.3
32 Transfers from the General Fund Pursuant to Section 24-75-220 (4) (a), C.R.S.	0.0	0.0	0.0
33 Transfer to Other Funds	44.0	100.4	56.7
34 Accounting Adjustments	(87.5)	0.0	0.0
35 TOTAL GF OBLIGATIONS	\$9,572.6	\$10,158.8	\$10,409.7
36			
37 YEAR END GF RESERVE	\$730.9	\$566.0	\$783.8
38 Additional Amount Required to Decrease Statutory Reserve as Requested by Governor on November 2, 2015 (= 6.1% Reserve)	\$0.0	(\$39.7)	\$0.0
39 STATUTORY RESERVE (Section 24-75-201.1 (1) (d), C.R.S.) ADJUSTED for LLS 15-1022	576.5	605.7	626.1
40 MONEYS IN (DEFICT)/EXCESS OF THE STATUTORY GF RESERVE	\$154.4	\$0.0	\$157.7

Table 2 - Continued

	FY 14-15	FY 15-16	FY 16-17
41 Total Gross General Fund Revenues	\$9,801.7	\$10,008.8	\$10,683.7
42 Percent Gross General Fund Revenue Growth	9.2%	2.1%	6.7%
43			
44 Transfer to the State Education Fund	\$519.8	\$525.7	\$567.6
45 Transfer of Excess Reserve to SEF Pursuant to SB 11-156, HB 12-1338, SB 13-234, SB 13.260	25.3	25.3	25.3
46 Transfer of Excess Reserve to SEF pursuant to HB 14-1342	0.0	0.0	0.0
47 Total Transfers to the State Education Fund	\$545.1	\$551.0	\$592.9
48			
49 Required TABOR Reserve	\$370.6	\$384.4	\$399.1
50			
51 GF Appropriation Base (Adj GF approp base + K-12 Capital + Amt Deemed Exempt + Medicaid Over)	\$8,869.5	\$9,355.8	\$9,683.0
52 Total Percent Growth (Including both items within restriction and exemptions)	7.5%	5.5%	3.5%
53 GF Appropriations Base Available Growth	\$618.5	\$486.3	\$327.2
54			
55 Personal Income (Sec 24-75-201.1 (1)(e)(I), CRS) - Calculation to Trigger SB 228	\$240,900.0	\$246,400.0	\$261,700.0
56 Percent Increase/(Decrease) Over Previous Year	6.1%	2.3%	6.2%
57			
58 Calculated Restriction on GF Appropriation Growth (Sec 24-75-201.1 (1)(a)(II) through (IV), CRS)	12,045.0	12,320.0	13,085.0
59 Adjusted GF Appropriations Base	8,869.5	9,355.8	9,683.0
60 Over/(Under) Calculated Appropriations Restriction	(\$3,175.5)	(\$2,964.2)	(\$3,402.0)
61			
62 Additional Percentage Required to Decrease Statutory Reserve as Requested by Governor on January 15, 2016	0.0%	-0.4%	0.0%
63 Year-End GF Statutory Reserve Percentage	6.5%	6.5%	6.5%
64 Year-End GF Excess of Statutory Reserve Percentage	1.7%	0.0%	1.6%
65			
66 Rebates and Expenditures Include (from OSPB Forecast)			
67 Cigarette Rebate	\$12.3	\$9.3	\$8.9
68 Marijuana Tax	\$6.3	\$7.2	\$7.9
69 Old Age Pension	111.3	105.1	109.1
70 Aged Property Tax & Heating Credit	5.7	6.2	6.0
71 FPPA	4.2	4.2	4.2
72 Amendment 35 GFE Expenditures	0.9	0.8	0.8
73 Treasurer's Loans to School Districts (Off Budget -- Not in Long Bill)	0.7	1.2	1.2
74 Total Rebates and Expenditures	\$141.4	\$134.0	\$138.1

Table 2 - Continued

	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>
75 Calculation of Statutory Reserve (Assuming Passage of JBC Bill LLS 15-1022)			
76 Adjusted GF Appropriations Base		\$9,355.8	\$9,683.0
77 Amounts Exempt from Statutory Reserve:			
78 Anschutz Medical Campus COP		7.2	7.2
79 Federal Mineral Lease COP		5.8	17.8
80 CSP II COP		20.3	20.3
81 Lease Purchase of Ralph L. Carr Judicial Center		3.9	3.9
82 Public Safety COPs For Pueblo and Grand Junction Labs		0.8	1.6
83 Adjusted GF Base For Calculation of Statutory Reserve		<u>9,317.8</u>	<u>9,632.2</u>
84 STATUTORY RESERVE (Section 24-75-201.1 (1) (d), C.R.S.)		<u>\$605.7</u>	<u>\$626.1</u>

Table 3
Summary of FY 2014-15, FY 2015-16, and FY 2016-17 General Fund Appropriations
Updated for Preliminary JBC Action on Supplementals

Departments	FY 2014-15 Appropriation as of 2015 Session	Supplemental Changes to FY 2014-15 as as Approved by the JBC	FY 2014-15 Appropriation Adjusted for JBC Approved Supplemental Changes	FY 2015-16 Appropriation as of 2015 Session	Proposition BB Appropriations Adopted as a Result of Proposition BB's Passage	Supplemental Changes to FY 2015-16 Based on JBC Supplemental Actions	FY 2015-16 Appropriation Adjusted for Supplementals as Approved by JBC	FY 2015-16 Separate Bills and Placeholders as Part of Supplemental Package	FY 2015-16 Appropriation Adjusted for JBC Supplemental Changes and Supplemental Package Bills	Original Nov 3 OSPB and Elected Official FY 2016-17 Requests	Jan 4 & 15 Budget Amendments	Revised OSPB and Elected Official FY 2016-17 Requests as of Jan 15
1 Agriculture	\$9,317,936	\$0	\$9,317,936	\$9,706,234	\$300,000	\$0	\$10,006,234	\$0	10,006,234	\$10,087,946	\$750,119	\$10,838,065
2 Corrections	720,902,032	0	720,902,032	780,620,458	0	(\$16,807,534)	763,812,924	0	763,812,924	775,055,108	(12,668,565)	762,386,543
3 Education	3,357,973,487	0	3,357,973,487	3,567,985,216	4,000,000	\$0	3,571,985,216	(93,542,173)	3,478,443,043	3,793,010,882	(161,381,198)	3,631,629,684
4 Governor	34,983,120	0	34,983,120	41,668,200	0	\$202,828	41,871,028	0	41,871,028	39,538,773	643	39,539,416
5 Health Care Policy and Finance	2,352,444,300	489,536	2,352,933,836	2,507,080,610	500,000	\$9,845,164	2,517,425,774	0	2,517,425,774	2,642,647,613	13,769,901	2,656,417,514
6 Higher Education	762,082,525	0	762,082,525	857,415,995	0	\$0	857,415,995	0	857,415,995	838,524,430	0	838,524,430
7 Human Services	790,048,884	0	790,048,884	811,905,208	2,500,000	\$3,506,591	817,911,799	0	817,911,799	836,373,426	54,389	836,427,815
8 Judicial	446,285,574	0	446,285,574	478,774,984	0	\$313,140	479,088,124	0	479,088,124	486,793,706	3,829,251	490,622,957
9 Labor	661,690	0	661,690	8,008,584	0	\$0	8,008,584	0	8,008,584	13,947,929	0	13,947,929
10 Law	13,575,405	0	13,575,405	15,058,065	200,000	\$100,446	15,358,511	0	15,358,511	14,987,291	364	14,987,655
11 Legislature	40,962,675	0	40,962,675	43,297,162	0	\$0	43,297,162	0	43,297,162	44,238,528	0	44,238,528
12 Local Affairs	22,039,101	0	22,039,101	23,626,224	1,082,132	(\$82,132)	24,626,224	0	24,626,224	23,371,149	1,301,430	24,672,579
13 Military Affairs	8,244,667	0	8,244,667	8,285,043	0	\$9,884	8,294,927	0	8,294,927	8,299,797	19,016	8,318,813
14 Natural Resources	26,309,329	0	26,309,329	27,671,518	0	\$0	27,671,518	0	27,671,518	28,861,640	523	28,862,163
15 Personnel	7,130,338	0	7,130,338	11,711,626	0	\$105,992	11,817,618	0	11,817,618	12,997,749	156,201	13,153,950
16 Public Health	64,322,851	0	64,322,851	44,515,287	3,500,000	\$0	48,015,287	0	48,015,287	47,771,311	0	47,771,311
17 Public Safety	134,566,411	0	134,566,411	125,170,650	0	(\$2,365,577)	122,805,073	0	122,805,073	125,439,904	(2,315,231)	123,124,673
18 Regulatory Agencies	1,884,591	0	1,884,591	1,923,405	0	\$0	1,923,405	0	1,923,405	1,777,519	46	1,777,565
19 Revenue	103,605,100	0	103,605,100	97,621,597	0	\$320,560	97,942,157	0	97,942,157	94,165,374	1,796,616	95,961,990
20 State	0	0	0	0	0	\$0	0	0	0	0	0	0
21 Transportation	700,000	0	700,000	0	0	\$0	0	0	0	0	0	0
22 Treasury	121,578,482	0	121,578,482	135,066,583	0	(\$28,917)	135,037,666	0	135,037,666	156,779,093	0	156,779,093
23 Capital Construction Fund	0	0	0	0	0	\$0	0	0	0	0	0	0
24 Controlled Maintenance	111,264	0	111,264	0	0	\$0	0	0	0	0	0	0
25												
26 Total	\$9,019,729,762	\$489,536	\$9,020,219,298	\$9,597,112,649	\$12,082,132	(\$4,879,555)	\$9,604,315,226	(\$93,542,173)	\$9,510,773,053	9,994,669,168	(154,686,495)	9,839,982,673
27												
28												
29 Amounts Deemed Exempt from Statutory Limit	\$0		\$0	\$0			\$0		\$0	\$0		\$0
30 Rebates and Expenditures	\$150,790,708		\$150,790,708	\$155,055,186			\$155,055,186	\$0	\$155,055,186	\$163,409,489		\$163,409,489
31												
32 Amount Subject to Statutory Limit	\$8,868,939,054		\$8,869,428,590	\$9,442,057,463			\$9,449,260,040	(\$93,542,173)	\$9,355,717,867	\$9,831,259,679		\$9,676,573,184
33 Amount Subject to Statutory Limit in Long Bill												\$9,676,573,184
34 Amount Subject to Statutory Limit in Bills												\$0

Table 4
Bills that Impact General Fund from the 2016 Session for FY 2015-16 and FY 2016-17
Updated for Preliminary JBC Action on Supplementals

	Title	Bill No.	Department	FY 2015-16 Impact GF	FY 2016-17 Impact GF
1	GF Obligations - 2016 Bills Other than Supplemental Bills:				
2					
3	Title:				
4	<i>Bills Included in JBC Supplemental Package - Subject to Statutory Limit:</i>				
5	Mid-year school finance adjustments	16-1015	Education	(93,542,173)	0
6					
7	<i>Subtotal Bills Approved as Part of JBC Supp. Package - Statutory Limit</i>			(93,542,173)	0
8					
9	Total			(93,542,173)	0
10	Operating Budget			(93,542,173)	0
11	Bills not Included in Statutory Reserve Calculation			0	0