

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Craig Harper, JBC Staff (303-866-3481)
DATE December 18, 2023
SUBJECT General Fund Overview Updated for Special Session

This memo is intended to update the General Fund overview provided in the JBC Staff Briefing from November 16, 2023 (Overview of FY 2024-25 Budget Requests). This update still reflects the September 2023 revenue forecasts but is updated to reflect the following changes:

- Appropriations, expenditures, and transfers authorized in 2023B Special Session legislation. Those bills had the following General Fund impacts for FY 2023-24 and FY 2024-25: (1) appropriated a total of \$3.6 million for FY 2023-24 with anticipated annualizations totaling \$2.2 million in FY 2024-25 and \$2.1 million in FY 2025-26; (2) directed the Treasurer to issue a warrant for \$57.1 million for FY 2023-24 to reimburse local governments for lost property tax revenues associated with S.B. 23B-001; and (3) required transfers of \$15.1 million to the Housing Development Cash Fund in FY 2023-24 and \$146.0 million to the State Education Fund in FY 2024-25.
- Elimination of the “hold” on \$200 million General Fund in FY 2024-25 that the Governor’s November 1 request had reflected as set aside for Proposition HH. Thus, this analysis assumes that the General Assembly intended to use those held funds to support most of the major property-tax-related expenditures from the special session.
- Corrections to align several transfers and appropriations under current law with the September 2023 revenue forecasts from Legislative Council Staff and the Office of State Planning and Budgeting.
- Adjustments to the impact of the Governor’s proposal to redistribute revenues between the enterprise and non-enterprise cash funds associated with unemployment insurance. The Governor’s November 1, 2023, submittal letter shows that proposal making \$63.0 million General Fund available in FY 2024-25. However, updated information provided by the Office of State Planning and Budgeting assumes that impact would be over two years, including \$39.5 million in FY 2023-24 and \$23.5 million available in FY 2024-25. The proposal assumes that the \$23.5 million would be ongoing in subsequent years.

Tables 1 and 2 summarize the updated General Fund overview under the September 2023 revenue forecasts. Table 1 is based on the LCS forecast and Table 2 is based on the OSPB forecast. The highlighted rows in each table identify: (1) the changes directly resulting from the special session (lines 7 through 9) and (2) the anticipated amount above/(below) the 15.0 percent statutory General Fund reserve for each year under each forecast (line 19).

As shown in the tables, after accounting for the changes outlined above in the context of the September 2023 forecasts, the budget:

- Continues to fall short of the 15.0 percent reserve for all three fiscal years under the September 2023 Legislative Council Staff Forecast, including deficits of \$62.5 million in FY 2023-24 and \$311.1 million in FY 2024-25.
- Is \$96.4 million above the 15.0 percent reserve for FY 2023-24 and \$2.6 million below for FY 2024-25 under the September 2023 OSPB forecast.

TABLE 1					
GENERAL FUND OVERVIEW AS OF DECEMBER 18, 2023					
LCS SEPTEMBER 2023 FORECAST, INCLUDING SPECIAL SESSION					
(\$ millions)					
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
General Fund Available					
1	Beginning Reserve	\$3,203.2	\$2,341.5	\$2,155.2	\$2,056.9
2	Gross General Fund Revenue (excluding Prop FF)	18,002.2	17,439.5	18,486.2	19,609.6
3	Transfers In From Other Funds (current law)	53.5	71.3	82.7	79.3
4	Requested Transfer from Severance Tax	0.0	0.0	50.0	0.0
5	Total General Fund Available	\$21,258.9	\$19,852.3	\$20,774.2	\$21,745.8
General Fund Obligations					
6	2023 Regular Session appropriations subject to reserve	\$13,308.1	\$14,781.5	\$15,784.5	\$16,529.3
7	2023B Session appropriations subject to reserve	n/a	\$3.6	\$2.2	\$2.1
8	SB23B-001 Warrant local government reimbursement	n/a	\$50.7	\$0.0	\$0.0
9	2023B Session transfers from General Fund	n/a	\$15.1	\$146.0	n/a
10	Rebates and Expenditures (from forecast)	168.6	218.2	180.6	176.8
11	Appropriation from Healthy School Meals Acct.	n/a	115.3	78.5	\$106.9
12	TABOR Refund Obligations	3,683.1	1,700.0	1,774.3	2,280.4
13	Transfers Out and Other Diversions	1,872.0	812.7	751.3	677.3
14	Total General Fund Obligations	\$19,031.8	\$17,697.0	\$18,717.3	\$19,772.9
15	Reversions and Accounting Adjustments	\$114.4	n/a	n/a	n/a
16	Fiscal Year-end General Fund Reserve	\$2,341.5	\$2,155.2	\$2,056.9	\$1,972.9
17	Statutorily Required Reserve Percent	15.0%	15.0%	15.0%	15.0%
18	Required Reserve Amount	\$1,996.2	\$2,217.8	\$2,368.0	\$2,479.7
19	Year-end Reserve Above/(Below) Statutory Requirement	\$345.3	(\$62.5)	(\$311.1)	(\$506.8)

TABLE 2					
GENERAL FUND OVERVIEW AS OF DECEMBER 18, 2023					
OSPB SEPTEMBER 2023 FORECAST, INCLUDING SPECIAL SESSION					
(\$ millions)					
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
General Fund Available					
1	Beginning Reserve	\$3,203.2	\$2,341.5	\$2,314.1	\$2,365.3
2	Gross General Fund Revenue (excluding Prop FF)	18,002.2	17,309.8	18,309.2	18,979.8
3	Transfers In From Other Funds (current law)	53.5	45.4	53.4	57.3
4	Requested Transfer from Severance Tax	0.0	0.0	50.0	0.0
5	Total General Fund Available	\$21,258.9	\$19,696.7	\$20,726.7	\$21,402.4
General Fund Obligations					
6	2023 Regular Session appropriations subject to reserve	\$13,308.1	\$14,781.5	\$15,784.2	\$16,560.4
7	2023B Session appropriations subject to reserve	n/a	\$3.6	\$2.2	\$2.1
8	SB23B-001 Warrant local government reimbursement	n/a	\$50.7	\$0.0	\$0.0

TABLE 2 GENERAL FUND OVERVIEW AS OF DECEMBER 18, 2023 OSPB SEPTEMBER 2023 FORECAST, INCLUDING SPECIAL SESSION (\$ millions)					
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
9	2023B Session transfers from General Fund	n/a	\$15.1	\$146.0	n/a
10	Rebates and Expenditures	168.6	154.6	155.4	154.6
11	Appropriation from Healthy School Meals Acct.	n/a	115.3	78.5	78.5
12	TABOR Refund Obligations	3,683.1	1,438.1	1,409.1	1,329.3
13	Transfers Out and Other Diversions	1,872.0	823.6	786.1	677.1
14	Total General Fund Obligations	\$19,031.8	\$17,382.5	\$18,361.4	\$18,802.0
15	Reversions and Accounting Adjustments	\$114.4	n/a	n/a	n/a
16	Fiscal Year-end General Fund Reserve	\$2,341.5	\$2,314.1	\$2,365.3	\$2,600.4
17	Statutorily Required Reserve Percent	15.00%	15.00%	15.00%	15.00%
18	Required Reserve Amount	\$1,996.2	\$2,217.8	\$2,368.0	\$2,484.4
19	Year-end Reserve Above/(Below) Statutory Requirement	\$345.3	\$96.4	(\$2.6)	\$116.0

Tables 3 and 4 (on the following pages) provide a more complete General Fund overview for each forecast. Combined with the Table 5 (discussed below), these tables are comparable to Appendix D in the November 16 General Fund overview document.

Table 5 (on page 6) provides additional detail on some of the Governor's budget balancing proposals for FY 2024-25, broken out into categories depending on whether they affect revenues or expenditures and whether they are subject to the statutory reserve requirement.

- The only change to this table relative to the November 16 overview is to spread the impact of the Employment Support Fund proposal (changing the distribution of revenues between the enterprise and non-enterprise components of unemployment insurance) over two years.
- As noted above, the Governor's November 1 submittal letter indicated that the proposal would make \$63.0 million General Fund available in FY 2024-25. However, the Executive Branch has since clarified that the \$63.0 million impact is over two years, including making \$39.5 million available in FY 2023-24 and \$23.5 million in FY 2024-25 (with an ongoing impact in subsequent years). Please note that Table 5 only shows the FY 2024-25 impact.

TABLE 3: GENERAL FUND OVERVIEW AS OF DECEMBER 15, 2023
BASED ON THE LCS SEPTEMBER 2023 FORECAST, INCLUDING SPECIAL SESSION
 (\$ millions)

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
General Fund Available					
1	Beginning Reserve	\$3,203.2	\$2,341.5	\$2,155.2	\$2,056.9
2	Gross General Fund Revenue	18,002.2	17,439.5	18,486.2	19,609.6
3	Transfers In (existing law reflected in forecast)	53.5	71.3	82.7	79.3
4	Proposed Transfer from Severance Tax (Gov Request)			50.0	
5	Total General Fund Available	\$21,258.9	\$19,852.3	\$20,774.2	\$21,745.8
LESS: General Fund Obligations					
7	Appropriations (2023 Regular Session for FY 2023-24)	\$13,524.2	\$15,093.6	\$16,174.2	\$16,880.2
8	2023B Special Session Appropriations (and annualizations for outyears)	n/a	\$3.6	\$2.2	\$2.1
9	Interim supplemental requests approved by JBC (operating)	\$13.3	\$0.1	n/a	n/a
10	Governor's placeholder for FY 2023-24 supplementals	n/a	\$29.2	n/a	n/a
11	Requested expenditure balancing proposals subject to reserve ^a	n/a	n/a	\$137.9	\$0.0
12	Requested revenue proposals subject to reserve ^a	n/a	n/a	(\$212.7)	\$0.0
13	LESS: Appropriations for rebates and expenditures	(229.4)	(226.1)	(236.5)	(244.0)
14	LESS: Appropriations from Healthy School Meals Account	n/a	(115.3)	(78.5)	(106.9)
15	Subtotal: Appropriations subject to statutory reserve requirement	13,308.1	14,785.1	15,786.7	16,531.5
16	<i>Annual Percent Change</i>	<i>10.5%</i>	<i>11.1%</i>	<i>6.8%</i>	<i>4.7%</i>
17	Rebates and Expenditures (reflected in forecast)	168.6	218.2	180.6	176.8
18	Appropriations from Healthy School Meals Account	n/a	115.3	78.5	106.9
19	TABOR Refund [Article X, Section 20 (7)(d)]				
20	Current year revenue above Referendum C Cap (refunded in following fiscal year)	3,683.1	1,700.0	1,774.3	2,280.4
21	Transfers Out and Other Diversions				
22	2023B Special Session Transfers	n/a	15.1	146.0	n/a
23	SB23B-001 Warrant for Local Government Reimbursement	n/a	50.7	0.0	0.0
24	Transportation (existing law reflected in forecast)	88.0	5.0	117.5	117.5
25	Capital/IT projects	488.3	332.4	219.5	96.9
26	Interim supplemental requests approved by JBC (capital)	0.0	0.0	n/a	n/a
27	Prop HH hold	0.0	0.0	0.0	0.0
28	OSPB Estimated cash fund revenue growth	0.0	0.0	0.0	0.0
29	Requested forecast risk buffer	0.0	0.0	56.6	0.0
30	Requested emergency reserve transfer	0.0	0.0	32.0	0.0
31	Requested General Fund transfer holds ^a	0.0	0.0	83.1	42.1
32	Requested revenue proposals not subject to reserve ^a	0.0	(39.5)	(172.9)	(23.5)
33	Other Transfers and Diversions (existing law reflected in forecast)	1,295.7	514.8	415.5	424.6
34	Subtotal: Other Obligations	5,723.7	2,911.9	2,930.7	3,221.7
35	Total General Fund Obligations	\$19,031.8	\$17,697.0	\$18,717.3	\$19,753.2
36	PLUS: Reversions and Accounting Adjustments (including under-refunds of TABOR surpluses from prior years)	\$114.4	n/a	n/a	n/a
Reserve					
38	Fiscal Year-end General Fund Reserve	\$2,341.5	\$2,155.2	\$2,056.9	\$1,992.6
39	Statutorily Required Reserve Percent	15.0%	15.0%	15.0%	15.0%
40	Required Reserve Amount	\$1,996.2	\$2,217.8	\$2,368.0	\$2,479.7
41	Year-end Reserve Above/(Below) Requirement	\$345.3	(\$62.5)	(\$311.1)	(\$487.1)

^a See Table 5 for the components making up these items.

TABLE 4: GENERAL FUND OVERVIEW AS OF DECEMBER 15, 2023
 BASED ON THE OSPB SEPTEMBER 2023 FORECAST, INCLUDING SPECIAL SESSION
 (\$ millions)

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
General Fund Available					
1	Beginning Reserve	\$3,203.2	\$2,341.5	\$2,314.1	\$2,365.3
2	Gross General Fund Revenue	18,002.2	17,309.8	18,309.2	18,979.8
3	Transfers In (existing law reflected in forecast)	53.5	45.4	53.4	57.3
4	Proposed Transfer from Severance Tax (Gov Request)			50.0	
5	Total General Fund Available	\$21,258.9	\$19,696.7	\$20,726.7	\$21,402.4
LESS: General Fund Obligations					
7	Appropriations (2023 Regular Session for FY 2023-24)	\$13,524.2	\$15,093.6	\$16,174.2	\$16,880.2
8	2023B Special Session Appropriations (and annualizations for outyears)	n/a	\$3.6	\$2.2	\$2.1
9	Interim supplemental requests approved by JBC (operating)	13.3	0.1	n/a	n/a
10	Governor's placeholder for FY 2023-24 supplementals	n/a	\$29.2	n/a	n/a
11	Requested expenditure balancing proposals subject to reserve ^a	n/a	n/a	\$137.9	n/a
12	Requested revenue proposals subject to reserve ^a	n/a	n/a	(\$212.7)	n/a
13	LESS: Appropriations for rebates and expenditures	(229.4)	(226.1)	(236.8)	(241.3)
14	LESS: Appropriations from Healthy School Meals Account	n/a	(115.3)	(78.5)	(78.5)
15	Subtotal: Appropriations subject to statutory reserve requirement	13,308.1	14,785.1	15,786.4	16,562.5
16	<i>Annual Percent Change</i>	<i>10.5%</i>	<i>11.1%</i>	<i>6.8%</i>	<i>4.9%</i>
17	Rebates and Expenditures (reflected in forecast)	168.6	154.6	155.4	154.6
18	Appropriations from Healthy School Meals Account	n/a	115.3	78.5	78.5
19	TABOR Refund [Article X, Section 20 (7)(d)]				
20	Current year revenue above Referendum C Cap (refunded in following fiscal year)	3,683.1	1,438.1	1,409.1	1,329.3
21	Transfers Out and Other Diversions				
22	2023B Special Session Transfers	n/a	15.1	146.0	n/a
23	SB23B-001 Warrant for Local Government Reimbursement	n/a	50.7	0.0	0.0
24	Transportation (existing law reflected in forecast)	88.0	5.0	117.5	117.5
25	Capital/IT projects	488.3	332.4	219.5	96.9
26	Interim supplemental requests approved by JBC (capital)	0.0	0.0	n/a	n/a
27	Prop HH hold	0.0	0.0	0.0	0.0
28	OSPB Estimated cash fund revenue growth	0.0	0.0	25.0	0.0
29	Requested forecast risk buffer	0.0	0.0	56.6	0.0
30	Requested emergency reserve transfer	0.0	0.0	32.0	0.0
31	Requested General Fund transfer holds ^a	0.0	0.0	83.1	42.1
32	Requested revenue proposals not subject to reserve ^a		(39.5)	(172.9)	(23.5)
33	Other Transfers and Diversions (existing law reflected in forecast) ^{b,c}	1,295.7	525.8	425.3	424.4
34	Subtotal: Other Obligations	5,723.7	2,597.4	2,575.0	2,219.8
35	Total General Fund Obligations	\$19,031.8	\$17,382.5	\$18,361.4	\$18,782.4
36	PLUS: Reversions and Accounting Adjustments (including under-refunds of TABOR surpluses from prior years)	\$114.4	n/a	n/a	n/a
37	Reserve				
38	Fiscal Year-end General Fund Reserve	\$2,341.5	\$2,314.1	\$2,365.3	\$2,620.0
39	Statutorily Required Reserve Percent	15.0%	15.0%	15.0%	15.0%
40	Required Reserve Amount	\$1,996.2	\$2,217.8	\$2,368.0	\$2,484.4
41	Year-end Reserve Above/(Below) Requirement	\$345.3	\$96.4	(\$2.6)	\$135.7

^a See Table 5 for the components making up these items.

TABLE 5 FY 2024-25 GOVERNOR REQUESTED BUDGET BALANCING PROPOSALS FOR GENERAL FUND OVERVIEW - NOVEMBER 1, 2023 REQUEST	
CATEGORY/DESCRIPTION	FY 2024-25 GF IMPACT
Governor Requested Expenditure Balancing Proposal Subject to Limit	
Legislative Placeholder (Executive Branch Priorities)	\$115,000,000
Legislative Placeholder (Legislative Branch Priorities)	15,000,000
Behavioral/Mental Health Expenses (formerly Revenue Loss Recovery Cash Fund)	7,333,967
Expanding Prosecution for Federal Gun Crimes	599,368
Subtotal: Expenditure Proposals Subject to Limit	\$137,933,335
Governor Requested Revenue Proposals Subject to Limit	
Revenue Loss Recovery Fund Behavioral Health Refinance Balance	(\$153,019,658)
ARPA Funds Recapture (reversions and underspent funds)	(22,388,364)
Severance Tax Cash Fund Repurpose (not transferred)	(19,300,000)
General Fund Transfers in Lieu of Appropriations (Reserve Requirement)	(12,300,000)
Non-General Fund for High Acuity Legislation	(5,700,000)
Subtotal: Requested Revenue Proposals Subject to Limit	(\$212,708,022)
Governor Requested General Fund Transfer Holds	
Education R3: CSI Mill Levy Equalization	\$42,123,426
Corrections R6: Workforce Housing	16,000,000
Corrections R5: Broadband	11,407,019
Public Safety: Investment in Local Crime Prevention	7,500,000
Governor OEDIT: Opportunity Now 2.0	5,250,000
Governor OEDIT: Creative Districts Modifications and Funding	500,000
Labor: Retail EV Charging Stations	263,065
DORA: Placeholder for Natural Medicine	100,000
Subtotal: Requested Transfer Holds	\$83,143,510
Governor Requested Revenue Proposals Not Subject to Limit	
Tax Credits, Revenue Reclassification, and Fee Elimination	(\$70,365,500)
Employment Support Fund Enterprise	(23,500,000)
Severance Tax Cash Fund Transfer to Capital Construction Fund	(50,000,000)
Hard (non-cash) Assets in Emergency Reserve	(29,000,000)
Subtotal: Requested Revenue Proposals Not Subject to Limit	(\$172,865,500)