

# JOINT BUDGET COMMITTEE



## STAFF BUDGET BALANCING FY 2020-21

## LEGISLATIVE DEPARTMENT

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

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## HOW TO USE THIS DOCUMENT

The **first section** of this document includes a summary table showing:

- Committee action on Long Bill appropriations through March 16, 2020; and
- Staff recommended changes to Long Bill appropriations, assuming that General Fund appropriations in FY 2020-21 must be kept at approximately the same level as FY 2019-20 to bring the budget into balance. This recommendation is based on the Legislative Council Staff March 16, 2020, revenue forecast, assumes that the statutory General Fund reserve will be increased in FY 2020-21 as proposed by the Governor, and assumes that only the federal increase in the Medicaid matching funds rate will be available to help cover shortfalls.

The table is followed by descriptions of each change recommended by staff.

A **second section** of the document (if applicable) summarizes staff recommendations that require statutory changes. This may include appropriation reductions that cannot be implemented without a statutory change, changes that affect the amount of available General Fund (e.g., a transfer from a cash fund), or any other items that are not captured in the Long Bill appropriations table. The recommendations in the second section are also based on the assumption that General Fund appropriations in FY 2020-21 must be kept at approximately the level of FY 2019-20 to bring the budget into balance.

A **third section** of the document includes additional staff recommendations and options for the Committee to consider if deeper cuts are required. For purposes of this section, staff has assumed additional reductions of 10.0 to 20.0 percent in General Fund appropriations and transfers will be required to bring the budget into balance in FY 2020-21.

## SUMMARY OF STAFF BUDGET BALANCING RECOMMENDATIONS FOR LONG BILL

LEGISLATIVE DEPARTMENT - LONG BILL APPROPRIATIONS ONLY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2019-20 Appropriation</b>	<b>\$4,859,877</b>	<b>\$4,609,877</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>0.0</b>
<b>CHANGES FROM FY 2019-20 Appropriation</b>						
Ballot analysis cost adjustment	\$500,000	\$500,000	\$0	\$0	\$0	0.0
Centrally appropriated line items	181,128	181,128	0	0	0	0.0
Property tax study cost adjustment	28,000	28,000	0	0	0	0.0
Annualize prior year budget actions	(250,000)	0	0	(250,000)	0	0.0
<b>Subtotal - JBC Action as of 3/16/20</b>	<b>\$5,319,005</b>	<b>\$5,319,005</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Reduce ballot analysis cost adjustment	(300,000)	(300,000)	0	0	0	0.0
Remove property tax study cost adjustment	(28,000)	(28,000)	0	0	0	0.0
<b>TOTAL</b>	<b>\$4,991,005</b>	<b>\$4,991,005</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
\$ Change from prior year	\$131,128	\$381,128	\$0	(\$250,000)	\$0	0.0
% Change from prior year	2.7%	8.3%	n/a	-100.0%	n/a	n/a

Note: Changes to staff recommendations for common policy items, including salary survey and provider rates, will be addressed in statewide policy packets.

### → REDUCE BALLOT ANALYSIS COST ADJUSTMENT

*JBC ACTION AS OF 3/16/20:* Consistent with staff recommendation to approve the amount requested by Legislative Council Staff, the Committee increased the appropriation by \$500,000 (from \$1,400,000 to \$1,900,000) for printing, mailing, and associated costs for ballot analysis. This increase was based on the assumption that there will be a similar number of measures in the 2020 election as the 2018 election. The increase also accounted for a modest increase in the cost of paper and postage from 2018 to 2020, and the potential that the book may be large enough that lower cost alternative printing options may not be available.

*RECOMMENDATION:* Staff recommends reducing this increase from \$500,000 to \$200,000, resulting in a \$1,600,000 General Fund appropriation.

#### *ANALYSIS:*

*Key Considerations:* Legislative Council staff is aware of and supports this recommendation. The statewide response to the COVID-19 emergency is expected to inhibit the process for putting citizen initiatives on the ballot. Legislative Council Staff indicates that there are three confirmed measures, and will likely be three to six more. That would be fewer than the 13 measures in 2018, and the text would also not likely be as long as the redistricting measures that were on the ballot in 2018. However, printing costs have increased rapidly in recent years, and this is expected to continue. If costs exceed the \$1,600,000 recommended appropriation, they could likely be covered by the balance in the Ballot Information Publication and Distribution Revolving Fund.

*Other Items of Note:* None.

*Additional Background:* This line item provides funding for the printing, mailing, and analysis of statewide ballot measures. Sections 1 (7.3) and (7.5) of Article V of the State Constitution requires the nonpartisan staff of the General Assembly to:

- cause to be published in each county the text and title of every statewide initiated or referred measure; and
- prepare and distribute to active registered voters statewide a ballot information booklet that includes the text and title of each statewide measure along with a fair and impartial analysis of each measure.

This provision also requires the General Assembly to provide sufficient appropriations for the preparation and distribution of the ballot information booklet at no charge to recipients.

The expenditures related to these requirements can vary significantly from year to year. Generally, expenses are higher in even election years (e.g., the appropriations for FY 2016-17 and FY 2018-19). The annual appropriation is designed to fund one-half of the estimated costs over a two-year period, thus allowing the General Assembly to maintain a similar appropriation from year to year.

The annual General Fund appropriation in this line item is credited to the Ballot Information Publication and Distribution Revolving Fund. Money in this fund is continuously appropriated to the Legislative Council to pay the costs of publishing the text and title of each measure and the costs of distributing the ballot information booklet.

#### → REMOVE PROPERTY TAX STUDY COST ADJUSTMENT

*JBC ACTION AS OF 3/16/20:* Consistent with staff recommendation to approve the amount requested by Legislative Council Staff, the Committee increased the appropriation by \$28,000 (4.1 percent) to account for two years of inflation.

*RECOMMENDATION:* Staff recommends eliminating the increase, maintaining the existing \$676,000 General Fund appropriation.

*ANALYSIS:*

*Key Considerations:* Legislative Council staff is aware of and supports this recommendation.

*Other Items of Note:* None.

*Additional Background:* This line item provides funding for Legislative Council Staff to annually contract for a statutorily required “valuation for assessment” study. The audit of county assessor valuations follows a two year cycle, with odd-numbered fiscal years involving the bulk of the data gathering, field work, and analysis as new levels of value are being established through reappraisals updating the “base year” levels of value. Even-numbered years tend to focus more on directives of the State Board of Equalization, maintaining the audit database, and monitoring the actions of the counties, but also include a detailed abstract of properties used by legislative staff in analyzing proposals to change the state's property tax system.

## SUMMARY OF RECOMMENDATIONS REQUIRING STATUTORY CHANGE

None.

## SUMMARY OF OTHER RECOMMENDATIONS AND OPTIONS IF DEEPER CUTS ARE REQUIRED

### 10.0-20.0 PERCENT REDUCTION SCENARIOS

*Staff recommends that the Committee consider the following options based on a scenario in which General Fund appropriations and transfers must be reduced by 10.0-20.0 percent (or revenue increased by an equivalent amount) in FY 2020-21.*

Please note that the Committee approved a FY 2020-21 place holder of \$53,034,839 General Fund for the legislative appropriation bill (H.B. 20-1345). This bill is pending Second Reading in the Senate. If this bill is amended to reduce appropriations in light of the revenue shortfall, staff will reduce this place holder accordingly.

Please note that on April 8, 2020, the Executive Committee considered a memorandum from the Legislative Management Team that identified options for reducing the legislative budget. In addition to the \$328,000 General Fund reductions recommended above for the Long Bill, this memorandum identified the following options for the legislative appropriation bill:

- A total of \$1,195,968 in anticipated reversions in FY 2019-20. Under current law, these amounts would be credited to the Legislative Department Cash Fund. The General Assembly could choose to make a statutory change to instead: (a) allow any General Fund reversions from the Legislative Department budget revert to the General Fund; or (b) transfer this specific dollar amount from the Legislative Department Cash Fund to the General Fund in FY 2020-21. *The latter approach would allow the JBC to plan on this amount being available in the General Fund for FY 2020-21.*
- A \$1,948,734 reduction in General Fund appropriations currently included in H.B. 20-1345. These reductions include:
  - \$1,032,741 if the common policy for a 3.0 percent across-the-board salary increase (including for judicial officers) is reduced to zero percent;
  - \$435,708 in additional employee-related savings (primarily eliminating some funding for new FTE and eliminating increases in wages and transportation benefits for aides);
  - \$225,826 for in-state and out-of-state travel; and
  - \$254,459 for operating expenses.

The Executive Committee also considered a separate memorandum concerning 2020 Interim Committees. If the Executive Committee reduces or eliminates interim committee activities, the appropriation in H.B. 20-1345 may be further reduced.