

JOINT BUDGET COMMITTEE



OVERVIEW OF JOINT BUDGET COMMITTEE ACTIONS TO DATE AND PENDING ITEMS FOR FY 2022-23 AND FY 2023-24

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

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JBC ACTIONS TO DATE IN THE CONTEXT OF THE MARCH 2023 REVENUE FORECASTS

GENERAL FUND OVERVIEW

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. The JBC has not yet determined which revenue forecast to use as the basis for finalizing FY 2022-23 appropriations and proposing the FY 2023-24 budget. This document is intended to provide a framework for that decision.

This document essentially provides an update to staff’s March 14, 2023 document, “Overview of Joint Budget Committee Actions to Date and Pending Items for FY 2022-23 and FY 2023-24”. This document utilizes the economic and revenue forecasts that were presented to the JBC yesterday. The next three tables provide summary information drawn from the updated General Fund Overviews to allow the reader to see the primary differences between the two forecasts. Table 1 is based on the LCS forecast, Table 2 is based on the OSPB forecast, and Table 3 identifies the differences between the two forecasts.

TABLE 1 GENERAL FUND OVERVIEW AS OF MARCH 16, 2023 LCS MARCH 2023 FORECAST (\$ MILLIONS)					
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
General Fund Available					
1	Beginning Reserve	\$3,181.5	\$3,203.2	\$2,380.5	\$2,639.0
2	Gross General Fund Revenue (excluding Prop FF)	17,697.9	17,117.0	17,640.3	18,341.8
3	Transfers In From Other Funds	71.3	58.9	44.7	34.6
4	Total General Fund Available	\$20,950.8	\$20,379.1	\$20,065.5	\$21,015.3
General Fund Obligations					
5	Appropriations subject to statutory reserve requirement	\$12,051.2	\$13,294.9	\$14,572.0	\$15,289.9
6	Rebates and Expenditures	149.6	151.6	151.5	151.6
7	TABOR Refund Obligations	3,848.1	2,898.2	2,019.1	1,742.9
8	Transfers Out and Other Diversions	1,799.8	1,805.2	683.9	828.0
9	Total General Fund Obligations	\$17,848.7	\$18,149.9	\$17,426.5	\$18,012.4
10	Reversions and Accounting Adjustments	\$101.0	\$151.3	n/a	n/a
11	Fiscal Year-end General Fund Reserve	\$3,203.2	\$2,380.5	\$2,639.0	\$3,002.9
12	Statutorily Required Reserve Percent	13.4%	15.0%	15.0%	15.0%
13	Required Reserve Amount	\$1,614.9	\$1,994.2	\$2,185.8	\$2,293.5
14	Year-end Reserve Above/(Below) Statutory Requirement	\$1,588.3	\$386.3	\$453.2	\$709.4

TABLE 2
GENERAL FUND OVERVIEW AS OF MARCH 16, 2023
OSPB MARCH 2023 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	\$2,402.3	\$2,867.0
2	Gross General Fund Revenue (excluding Prop FF)	17,697.9	16,923.7	16,597.3	17,918.7
3	Transfers In From Other Funds	59.5	24.1	31.1	25.5
4	Total General Fund Available	\$20,939.0	\$20,149.7	\$19,030.7	\$20,811.2
General Fund Obligations					
5	Appropriations subject to statutory reserve requirement	\$12,051.2	\$13,294.9	\$14,572.0	\$15,289.9
6	Rebates and Expenditures	149.6	147.1	151.4	150.4
7	TABOR Refund Obligations	3,848.1	2,653.7	716.1	1,205.4
8	Transfers Out and Other Diversions	1,799.5	1,803.0	724.2	746.2
9	Total General Fund Obligations	\$17,848.4	\$17,898.7	\$16,163.7	\$17,392.0
10	Reversions and Accounting Adjustments	\$111.3	\$151.3	n/a	n/a
11	Fiscal Year-end General Fund Reserve	\$3,201.9	\$2,402.3	\$2,867.0	\$3,419.3
12	Statutorily Required Reserve Percent	13.40%	15.00%	15.00%	15.00%
13	Required Reserve Amount	\$1,614.9	\$1,994.2	\$2,185.8	\$2,293.5
14	Year-end Reserve Above/(Below) Statutory Requirement	\$1,587.0	\$408.1	\$681.2	\$1,125.8

TABLE 3
GENERAL FUND OVERVIEW AS OF MARCH 16, 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	\$1.3	(\$21.8)	(\$228.1)
2	Gross General Fund Revenue (excluding Prop FF)	(0.0)	193.3	1,043.1	423.1
3	Transfers In From Other Funds	11.8	34.7	13.5	9.1
4	Total General Fund Available	\$11.8	\$229.4	\$1,034.8	\$204.1
General Fund Obligations					
5	Appropriations subject to statutory reserve requirement	\$0.0	\$0.0	\$0.0	\$0.0
6	Rebates and Expenditures	0.0	4.5	0.1	1.1
7	TABOR Refund Obligations	(0.0)	244.6	1,302.9	537.5
8	Transfers Out and Other Diversions	0.3	2.1	(40.2)	81.8
9	Total General Fund Obligations	\$0.3	\$251.2	\$1,262.9	\$620.4
10	Reversions and Accounting Adjustments	(\$10.2)	\$0.0	n/a	n/a
11	Fiscal Year-end General Fund Reserve	\$1.3	(\$21.8)	(\$228.1)	(\$416.4)

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 for FY 2023-24 (\$1.0 billion), representing 5.9 percent of projected General Fund revenues. The gap narrows to \$423.1 million for FY 2024-25.

- **The LCS projected TABOR refund obligation is also higher than the OSPB projection throughout the forecast period.** This is not surprising based on higher projected General Fund revenues. However:
 - The LCS forecast of cash funds that are subject to the TABOR limit is also higher than the OSPB forecast, which contributes to the higher LCS projected TABOR refunds.
 - As a result, the LCS projected TABOR refund obligation for FY 2023-24 is \$1.3 billion higher than the OSPB projection.

- **Since the gap between the LCS and OSPB projected TABOR refund obligations is larger than the gap between the General Fund revenue projections, the LCS forecast anticipates less General Fund being available to obligate or spend in FY 2023-24 and FY 2024-25.** Specifically, the LCS forecast projects \$228.1 million less General Fund available for FY 2023-24, growing to \$416.4 million in FY 2024-25.

- **The two forecasts of transfers out of the General Fund differ by significant amounts in three areas:**
 - The LCS forecast projects lower marijuana tax revenues, so LCS projections of related transfers out of the General Fund to the Marijuana Tax Cash Fund are also lower than those projected by OSPB (e.g., a gap of \$29.4 million in FY 2023-24).
 - The LCS forecast does not reflect transfers pursuant to the Bioscience Income Tax Transfer (SB 11-047) to the Governor’s Office of Economic Development and International Trade (OEDIT) in FY 2023-24 or FY 2024-25 based on the statutory end date for such transfers [Section 39-22-604.3, C.R.S.]. The OSPB forecast reflects transfers of \$7.0 million for this purpose in both FY 2023-24 and FY 2024-25.
 - LCS projects a transfer of \$117.5 million for transportation (SB 21-260) in FY 2024-25; the OSPB forecast does not include such transfer.

The next two tables provide the same information as Tables 1 and 2, but include more details related to available revenues, obligations, and the fiscal year end reserve. Table 4 is based on the LCS forecast and Table 5 is based on the OSPB forecast. Shaded cells identify figures that are based on actions the JBC has taken or will take. Staff assumptions for both tables are described after Tables 4 and 5.

TABLE 4
General Fund Overview as of March 16, 2023
Based on the LCS MARCH 2023 Forecast
(\$ millions)

	FY 2022-23	FY 2023-24	FY 2024-25	
General Fund Available				
1	Beginning Reserve	\$3,203.2	\$2,380.5	\$2,639.0
2	Gross General Fund Revenue	17,165.7	17,740.1	18,445.7
3	Revenues Related to Prop FF (not available for other purposes)	(48.7)	(99.8)	(104.0)
4	Transfers In (existing law reflected in forecast)	58.9	39.7	34.6
5	JBC bills approved for introduction or sent to draft	n/a	4.9	n/a
6	Total General Fund Available	\$20,379.1	\$20,065.5	\$21,015.3
LESS: General Fund Obligations				
7	<i>Appropriations</i> (actuals; FY 23-24 requested; FY 24-25 projected)	\$13,713.6	\$14,651.4	\$15,387.4
8	Additional JBC approved adjustments to FY 2022-23 appropriations	(189.3)	n/a	n/a
9	JBC bills approved for introduction or sent to draft	n/a	16.2	14.9
10	JBC approved placeholders for other bills	n/a	130.3	113.6
11	Funding projected to be available in excess of required reserve	n/a	0.0	0.0
12	LESS: Appropriations for rebates and expenditures	(229.4)	(226.0)	(226.0)
13	Subtotal: Appropriations subject to statutory reserve requirement	13,294.9	14,572.0	15,289.9
14	<i>Annual Percent Change</i>	10.3%	9.6%	4.9%
15	<i>Rebates and Expenditures</i> (reflected in forecast)	151.6	151.5	151.6
<i>TABOR Refund [Article X, Section 20 (7)(d)]</i>				
16	Current year revenue above Referendum C Cap (refunded in following fiscal year)	2,902.3	2,023.8	1,747.6
17	Adjustment to TABOR refund (change to higher education institutions' indirect cost collections)	(4.1)	(4.7)	(4.7)
18	<i>Transfers Out and Other Diversions</i>			
17	Transportation (existing law reflected in forecast)	88.0	0.0	117.5
18	Capital/IT projects (existing law reflected in forecast plus SB 23-141)	488.3	20.0	20.0
19	FY 23-24: Governor recommendation (<i>with JBC Staff technical adjustments</i>) FY 24-25: Out-year costs for recommended projects plus 1.0% current replacement value (CRV) for annual controlled maintenance (no new projects)	n/a	222.6	225.6
20	FY 23-24: Governor recommendation FY 24-25: Out-year costs for recommended projects (no new projects)	n/a	56.5	25.9
21	Other Transfers and Diversions (existing law reflected in forecast plus SB 23-137)	1,228.9	384.8	439.1
22	One-time funding projected to be available in excess of required reserve (if appropriated, this figure needs to cover required 15.0% reserve)	0.0	0.0	0.0
23	Subtotal: Other Obligations	4,855.0	2,854.6	2,722.5
24	Total General Fund Obligations	\$18,149.9	\$17,426.5	\$18,012.4
25	PLUS: Reversions and Accounting Adjustments (including under-refunds of TABOR surpluses from prior years)	\$151.3	n/a	n/a
Reserve				
26	Fiscal Year-end General Fund Reserve	\$2,380.5	\$2,639.0	\$3,002.9
27	Statutorily Required Reserve Percent	15.0%	15.0%	15.0%
28	Required Reserve Amount	\$1,994.2	\$2,185.8	\$2,293.5
29	Year-end Reserve Above/(Below) Requirement	\$386.3	\$453.2	\$709.4

Totals may not sum due to rounding.

TABLE 5
General Fund Overview as of March 16, 2023
Based on the OSPB MARCH 2023 Forecast
(\$ millions)

	FY 2022-23	FY 2023-24	FY 2024-25	
General Fund Available				
1	Beginning Reserve	\$3,201.9	\$2,402.3	\$2,867.0
2	Gross General Fund Revenue	16,972.6	16,695.8	18,025.2
3	Revenues Related to Prop FF (not available for other purposes)	(48.9)	(98.5)	(106.5)
4	Transfers In (existing law reflected in forecast)	24.1	26.2	25.5
5	JBC bills approved for introduction or sent to draft	n/a	4.9	n/a
6	Total General Fund Available	\$20,149.7	\$19,030.7	\$20,811.2
LESS: General Fund Obligations				
7	<i>Appropriations (actuals; FY 23-24 requested; FY 24-25 projected)</i>	\$13,713.6	\$14,651.4	\$15,387.4
8	Additional JBC approved adjustments to FY 2022-23 appropriations	(189.3)	n/a	n/a
9	JBC bills approved for introduction or sent to draft	n/a	16.2	14.9
10	JBC approved placeholders for other bills	n/a	130.3	113.6
11	Funding projected to be available in excess of required reserve	n/a	0.0	0.0
12	LESS: Appropriations for rebates and expenditures	(229.4)	(226.0)	(226.0)
13	Subtotal: Appropriations subject to statutory reserve requirement	13,294.9	14,572.0	15,289.9
15	Rebates and Expenditures (reflected in forecast)	147.1	151.4	150.4
<i>TABOR Refund [Article X, Section 20 (7)(d)]</i>				
16	Current year revenue above Referendum C Cap (refunded in following fiscal year)	2,657.7	720.9	1,210.1
17	Adjustment to TABOR refund (change to higher education institutions' indirect cost collections)	(4.1)	(4.7)	(4.7)
18	<i>Transfers Out and Other Diversions</i>			
17	Transportation (existing law reflected in forecast)	88.0	0.0	0.0
18	Capital/IT projects (existing law reflected in forecast plus SB 23-141)	488.3	20.0	20.0
19	FY 23-24: Governor recommendation (with JBC Staff technical adjustments)			
20	FY 24-25: Out-year costs for recommended projects plus 1.0% current replacement value (CRV) for annual controlled maintenance (no new projects)	n/a	222.6	225.6
20	FY 23-24: Governor recommendation			
21	FY 24-25: Out-year costs for recommended projects (no new projects)	n/a	56.5	25.9
21	Other Transfers and Diversions (existing law reflected in forecast plus SB 23-137)	1,226.7	425.0	474.7
22	One-time funding projected to be available in excess of required reserve (if appropriated, this figure needs to cover required 15.0% reserve)	0.0	0.0	0.0
23	Subtotal: Other Obligations	4,603.8	1,591.7	2,102.0
24	Total General Fund Obligations	\$17,898.7	\$16,163.7	\$17,392.0
PLUS: Reversions and Accounting Adjustments (including under-refunds of TABOR surpluses from prior years)				
		\$151.3	n/a	n/a
Reserve				
26	Fiscal Year-end General Fund Reserve	\$2,402.3	\$2,867.0	\$3,419.3
27	Statutorily Required Reserve Percent	15.0%	15.0%	15.0%
28	Required Reserve Amount	\$1,994.2	\$2,185.8	\$2,293.5
29	Year-end Reserve Above/(Below) Requirement	\$408.1	\$681.2	\$1,125.8

Totals may not sum due to rounding.

TABLES 4 AND 5 ASSUMPTIONS FOR FY 2023-24

For both Table 4 and Table 5, staff uses the same assumptions about General Fund appropriations and transfers. These assumptions are described below.

- Staff has included **adjustments to General Fund appropriations for FY 2022-23** that the JBC has approved through March 16. These changes are in addition to the adjustments that were reflected in the supplemental bill package (SB 23-112 through SB 23-142) *[see Row 8 of Tables 4 and 5]*.
- Staff has included **General Fund Long Bill appropriations for FY 2023-24** that have been approved through March 16) *[see Row 7 of Tables 4 and 5]*.
- **JBC action is pending for multiple decision items** for FY 2023-24. For these pending items staff is reflecting the JBC staff recommended amounts for FY 2023-24 and the associated out-year impacts *[see Row 7 of Tables 4 and 5]*. **Please note:**
 - **These figures now exclude \$8,997,138 that JBC staff initially recommended for the Department of Public Safety’s R3 Fire Aviation Resources request;** the revised staff recommendation is \$0.
- **The JBC has approved several bill drafts.** Staff has included estimated General Fund impacts of JBC bills that have been approved for introduction as well as those that have only been authorized to be drafted *[see Rows 5, 9, and 10 of Tables 4 and 5]*. Staff has also included General Fund placeholders approved by the JBC for other bills to date. **Please note that the placeholder total excludes \$2,830,000 General Fund requested for S.B. 23-161 for operating expenses associated with a new Firehawk helicopter (Department of Public Safety’s R3 Fire Aviation Resources request);** the JBC has not yet acted on that placeholder request. Tables 6a, 6b, and 6c list the estimated General Fund impacts of these bill drafts and placeholders for the next two fiscal years.

TABLE 6A		
JBC GENERAL FUND APPROPRIATION PLACEHOLDERS FOR JBC-SPONSORED BILLS		
	FY 2023-24	FY 2024-25
JBC place holders for JBC Long Bill package bills:		
<u>Approved for Introduction:</u>		
Education: School Transformation Grant	\$115,785	\$146,589
Education: Implement Facility School Working Group recommendations	0	0
Higher Education: WICHE Professional Student Exchange Program in Optometry	0	0
Human Services: Extend Transitional Jobs Program (aka ReHire CO)	274,428	274,428
Judicial: Annual adjustment mechanism for attorney contractor rate	0	0
Labor and Employment: Employment Support Fund compliance	(899,537)	0
Labor and Employment: Wage Theft Worker Payments	0	0
Law: Codify footnote re appropriation for Litigation Management	0	0
Subtotal: Bills approved for introduction	(\$509,324)	\$421,017
<u>Sent to Draft:</u>		
Early Childhood: Transfer or appropriation for Preschool Programs Cash Fund	\$0	\$0
Early Childhood: Records and Reports Cash Fund	1,341,564	1,341,564

TABLE 6A		
JBC GENERAL FUND APPROPRIATION PLACEHOLDERS FOR JBC-SPONSORED BILLS		
	FY 2023-24	FY 2024-25
Health Care Policy and Financing: No copays for pharmacy and outpatient hospital services	1,439,499	1,439,499
Health Care Policy and Financing: Feasibility of continuous coverage for children and low income adults	335,253	0
Higher Education: Change specialty education for CSU	0	0
Judicial: Administrative services for independent agencies	746,909	793,575
Judicial: Bridges Program independence and expansion	2,684,010	8,735,296
Judicial: Local costs related to new judicial district	668,600	0
Labor and Employment: Wagner-Peyser requirements affecting counties	0	0
Military and Veterans Affairs: Electric vehicle services cash fund	0	0
Public Health and Environment: Dairy protection license fee structure change	0	0
Public Health and Environment: Water infrastructure state revolving fund match	0	0
Public Safety: Create Office of School Safety	9,401,600	2,164,542
Public Safety: Community corrections financial audit	<u>100,000</u>	<u>0</u>
Subtotal: Bills sent to draft	\$16,717,435	\$14,474,476
Total: JBC Package Bills [Row 9, Tables 4 and 5]	\$16,208,111	\$14,895,493

Please note that staff has removed from Table 6a the \$115.3 million appropriation that will be included in the bill draft concerning implementation of Health School Meals for All (Proposition FF). Instead, staff has added a row to remove projected General Fund revenues that relate to the tax changes in Proposition FF, as this revenue will not be available for other purposes [see Row 3, Tables 4 and 5].

TABLE 6B		
JBC GENERAL FUND APPROPRIATION PLACEHOLDERS FOR OTHER 2023 LEGISLATION		
	FY 2023-24	FY 2024-25
JBC Placeholders for Other Bills:		
Early Childhood: Universal preschool provider bonuses	\$2,500,000	\$0
Education: Categorical programs inflation increase	0	0
Health Care Policy and Financing: Nursing home payments (HB 23-1228)	30,509,457	34,475,152
Human Services/Local Affairs: Colorado Fostering Success Voucher Program (SB 23-082)	2,783,111	2,741,196
Human Services: Increase juvenile detention bed caps	3,340,119	3,340,119
Public Health: Closed landfills remediation local government grants (HB 23-1194)	15,000,000	0
Legislature: Legislative appropriation bill	65,192,116	65,192,116
Public Safety: Colorado auto theft prevention initiative	7,725,293	4,625,694
Public Safety: Wildland fire investigations (SB 23-013)	3,243,155	3,243,155
Total: Placeholders for Other Bills [Row 10, Tables 4 and 5]	\$130,293,251	\$113,617,432

TABLE 6C		
JBC PLACEHOLDERS FOR BILLS AFFECTING AVAILABLE GENERAL FUND REVENUES		
	FY 2023-24	FY 2024-25
TRANSFERS IN TO GENERAL FUND:		
<u>Approved for Introduction:</u>		
Corrections: Transfer from State Employee Reserve Fund	\$4,913,753	\$0
Public Health and Environment: Transfer to satisfy HSRF obligations	<u>0</u>	<u>0</u>
Subtotal: Bills approved for introduction	4,913,753	0
<u>Sent to Draft:</u>		
Education: Authorize expenditure of Public School Air Quality funds	\$0	\$0

TABLE 6C
JBC PLACEHOLDERS FOR BILLS AFFECTING AVAILABLE GENERAL FUND REVENUES

	FY 2023-24	FY 2024-25
Labor and Employment: Changes to FAMILI prepay	0	0
Statewide: Transfer Coronavirus State Fiscal Recovery Funds	<u>0</u>	<u>0</u>
Subtotal: Bills sent to draft	4,913,753	0
TOTAL: JBC Package Bills [Row 5, Tables 4 and 5]	\$4,913,753	\$0

- **The JBC has not yet taken action concerning capital construction and capital information technology projects.** For purposes of this document, staff has included the General Fund transfers that would be required in FY 2023-24 if the JBC were to approve the Governor’s prioritized projects [see Rows 19 and 20 of Tables 4 and 5]. If the JBC approves the recommendations of the Capital Development Committee (CDC) and the Joint Technology Committee (JTC), these transfer amounts would need to increase by a total of \$87.1 million.

- **Each of the March 2023 forecasts include transfers out of the General Fund that are required by current law** [transfers unrelated to infrastructure are reflected in Row 21 of Tables 4 and 5]. **Please note that staff has excluded from these amounts estimated transfers out of the General Fund to the Preschool Programs Cash Fund.** For FY 2023-24, both forecasts include a transfer of \$139.1 million. Based on JBC action to date, staff is including a JBC staff recommended \$169.0 million General Fund appropriation to the Department of Early Childhood for the Universal Preschool Program. This amount includes the estimated transfer required to move preschool-related appropriations from the Department of Education (\$139.1 million), plus \$29.9 million to establish a reserve to address higher than anticipated enrollment. The JBC has not yet approved for introduction a bill that would either make a General Fund transfer or appropriation related to the new preschool program. For purposes of this document, staff has eliminated the duplicative transfer amounts.

- **The JBC has also not yet taken action on most requests for placeholders for appropriations or transfers that would be included in other bills.** In the March 14 General Fund Overview, staff included cells that illustrated the impacts of allocating all available revenues in FY 2023-24 and FY 2024-25. **In Tables 4 and 5 of this document, staff reflects all remaining available revenues as part of the fiscal year-end reserve.** The excess revenues reflected for FY 2023-24 are carried forward to FY 2024-25, and appear again as excess revenues in that fiscal year.
 - **If the JBC chooses to allocate some or all of the excess revenues in FY 2023-24, the excess revenues available in FY 2024-25 will decrease by the same amount.**
 - **In addition, to the extent that these excess revenues are used for ongoing commitments, FY 2024-25 obligations will increase by the same amount.**

Please note that staff is not recommending that the General Assembly obligate all of the funding estimated to be available in FY 2023-24. As described in the next section, the projected General Fund obligations for FY 2024-25 are likely low. **It would be prudent to reserve a portion of the state funding to address new priorities and challenges that arise in future years.**

TABLES 4 AND 5 ASSUMPTIONS FOR FY 2024-25

OPERATIONAL FUNDING

For General Fund operating appropriations, staff has included continuation of requested appropriations for FY 2023-24 plus a projected increase of \$736.0 million [see Row 7 in Tables 4 and 5]. This amount includes the following items:

- **Staff has included an increase of \$343.8 million based on the incremental out-year impacts of JBC action on decision items, budget amendments, and incremental funding changes.** The largest component of this increase is the Department of Health Care Policy and Financing’s projection of costs related to Medicaid enrollment and utilization (a total of \$291.6 million).
- **Staff has included an additional \$224.2 million for FY 2024-25 for state employee salary and benefits and the projected required PERA Direct Distribution payment.** This amount is estimated based on the data that was included in the JBC staff figure setting document for statewide compensation policies, dated January 27, 2023.
 - This increase includes \$167.2 million for the estimated General Fund share of making the full \$225.0 million PERA Direct Distribution Payment in FY 2024-25, consistent with H.B. 22-1029 and PERA’s rate of return for 2021.
 - This increase includes \$45.7 million for a 3.0 percent across-the-board salary increase in FY 2024-25 (based on staff’s current understanding of the Administration’s agreement with COWINS). This estimate is based on continuation of the FY 2023-24 salary increases approved by the JBC on January 27, 2023. Please note that the estimated increase for FY 2024-25 is low because 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.
 - This increase includes \$11.3 million based on an estimated 5.0 percent increase in employer premiums for health, life, and dental insurance benefits.
 - Staff’s FY 2024-25 estimates do not include any General Fund increases for the employer premium for family and medical leave benefits. Through HB 22-1133, the General Assembly transferred \$57.0 million to the FAMLFI program to prepay the State’s employer premiums for several years. The JBC has voted to carry legislation that would modify this mechanism. At this point, it appears that a portion of the \$57.0 million would be available to cover the employer share in FY 2024-25.
- **Staff has included an additional \$127.4 million for increases in community provider rates.** This amount is based on the total General Fund cost of the JBC’s actions to date concerning across-the-board and targeted community provider rate increases for FY 2023-24 (\$123.8 million). Staff has increased this amount by 3.0 percent for FY 2024-25 (to mirror the assumption concerning salary increases for classified employees). Given the increases in base funding for the Medicaid program and other services provided through community-based providers (e.g., based on caseload and utilization changes), the projected cost for FY 2024-25 is likely understated.
- **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.

Staff has also included the estimated FY 2024-25 appropriations that would be required for the JBC bill drafts approved to date *[see Rows 5, 9, and 10 in Tables 4 and 5]*. The components of these amounts are listed in Tables 6a, 6b, and 6c.

OTHER GENERAL FUND OBLIGATIONS

CAPITAL CONSTRUCTION AND INFORMATION TECHNOLOGY PROJECTS

For FY 2024-25, staff has included \$95.0 million for additional General Fund transfers that would be needed in FY 2024-25 for continuation of all projects recommended by the Governor. Staff has also included \$156.5 million to cover annual controlled maintenance projects in FY 2024-25 based on the State Architect’s recommendation of 1.0 percent of the current replacement value (CRV) of “General Funded and academic buildings”. Staff’s FY 2024-25 figures do not include any additional funding for new capital construction or information technology projects.