

# 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 OSPB MARCH 2023 REVENUE FORECAST

## GENERAL FUND OVERVIEW

Last Friday the Joint Budget Committee (JBC) voted to use the Office of State Planning and Budgeting (OSPB) March 2023 revenue forecast 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 the JBC to make final decisions concerning its 2023 budget proposal.

This document essentially provides an update to staff's March 17, 2023 document, "Overview of Joint Budget Committee Actions to Date and Pending Items for FY 2022-23 and FY 2023-24". **Table 1 provides an update to Table 5 in the March 17 document. These updates include the following:**

- *Row 7:* Reflects appropriation changes approved last Friday, plus changes in appropriations for certain "rebates and expenditures" to match the OSPB forecasted amounts. [Overall increase of \$27.8 million]
- *Row 19:* Includes a transfer of \$117.5 million out of the General Fund in FY 2024-25. While this transportation transfer was not included in the OSPB March 2023 forecast, it is required under current law. Specifically, Sections 24-75-219 (7)(c) and (d), C.R.S., require annual transfers out of the General Fund from FY 2024-25 through FY 2031-32, including \$10.5 million to the Multimodal Options Fund and \$7.0 million to the State Highway Fund for the Revitalizing Main Streets program.
- *Row 23:* Includes a \$7.0 million reduction in the transfers out of the General Fund projected by OSPB for FY 2023-24 and FY 2024-25. The OSPB forecast projects transfers of \$7.0 million each fiscal year for the Bioscience Income Tax Transfer. However, pursuant to Section 39-22-604.3, C.R.S., this transfer is in effect for a ten-year period and repeals effective July 1, 2024.
- *Row 24:* This new row reflects placeholders for transfers out of the General Fund to be included in other bills (\$26.0 million in FY 2022-23 for the purchase of a Firehawk helicopter and \$91.0 million in FY 2023-24 to augment funding for the federal Infrastructure Investment and Job Act Cash Fund).

**The above changes reduce the amount remaining available for FY 2023-24 in excess of the statutory reserve (*Row 32*) from \$681.2 million to \$535.6 million.**

Table 1  
 General Fund Overview as of March 17, 2023  
 Based on the OSPB MARCH 2023 Forecast  
 (\$ millions)

	FY 2022-23	FY 2023-24	FY 2024-25	
<b>General Fund Available</b>				
1	Beginning Reserve	\$3,201.9	\$2,376.3	\$2,725.6
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	<b>Total General Fund Available</b>	<b>\$20,149.7</b>	<b>\$19,004.7</b>	<b>\$20,669.8</b>
<b>LESS: General Fund Obligations</b>				
7	<i>Appropriations (actuals; FY 23-24 requested; FY 24-25 projected)</i>	\$13,713.6	\$14,679.2	\$15,416.7
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				
12	LESS: Appropriations for rebates and expenditures	(229.4)	(226.1)	(226.0)
13	<b>Subtotal: Appropriations subject to statutory reserve requirement</b>	<b>13,294.9</b>	<b>14,599.6</b>	<b>15,319.3</b>
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>			
19	Transportation (existing law reflected in forecast)	88.0	0.0	117.5
20	Capital/IT projects (existing law reflected in forecast plus SB 23-141)	488.3	20.0	20.0
21	FY 23-24: Governor recommendation for Capital Construction (with JBC Staff technical adjustments)			
	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
22	FY 23-24: JBC Action for IT Projects			
	FY 24-25: Out-year costs for recommended projects (no new projects)	n/a	60.3	44.4
23	Other Transfers and Diversions (existing law reflected in forecast plus SB 23-137)	1,226.7	418.0	467.7
24	JBC approved placeholders for other bills	26.0	91.0	0.0
25				
26	<b>Subtotal: Other Obligations</b>	<b>4,629.8</b>	<b>1,679.5</b>	<b>2,231.1</b>
27	<b>Total General Fund Obligations</b>	<b>\$17,924.7</b>	<b>\$16,279.1</b>	<b>\$17,550.4</b>
28	<b>PLUS: Reversions and Accounting Adjustments (including under-refunds of TABOR surpluses from prior years)</b>	<b>\$151.3</b>	<b>n/a</b>	<b>n/a</b>
<b>Reserve</b>				
29	<b>Fiscal Year-end General Fund Reserve</b>	<b>\$2,376.3</b>	<b>\$2,725.6</b>	<b>\$3,119.4</b>
30	Statutorily Required Reserve Percent	15.0%	15.0%	15.0%
31	Required Reserve Amount	\$1,994.2	\$2,189.9	\$2,297.9
32	Year-end Reserve Above/(Below) Requirement	\$382.1	\$535.6	\$821.5

Totals may not sum due to rounding.

**Table 2 is the same as Table 1, except that this table includes a staff recommendation concerning the amount of the available General Fund that should be committed for ongoing purposes.** Specifically, as indicated in Row 11, **staff recommends setting aside no more than \$90.0 million of the \$535.6 million remaining available for FY 2023-24 for ongoing appropriations.** This would include any additional increases in Long Bill appropriations (e.g., higher education), and a placeholder for all other bills that require General Fund appropriations for ongoing programs and services. The required General Fund reserve in row 29 includes \$13.5 million to cover the required reserve associated with these appropriations.

This amount is based on leaving about \$200 million available in FY 2024-25 after accounting for staff's conservative estimates of out-year funding requirements. This \$200 million is intended to ensure funding is available to pay for the costs of implementing the Step Pay Plan (the Department of Personnel has provided an initial estimated cost of \$109 million total funds), to address emerging operational needs that are identified through the next budget process, and to pay for new capital projects. This cushion is also intended to mitigate against forecast error; the Legislative Council Staff forecast for FY 2024-25 anticipates \$188.3 million less General Fund to be available in FY 2024-25 compared to the OSPB forecast.

**Staff recommends that the funds remaining available for FY 2023-24 (\$430.0 million) be allocated for one-time purposes or saved for future fiscal years.** This amount could be allocated for the following purposes:

- General Fund transfers needed to fund capital construction projects prioritized by the CDC.
- General Fund that would be transferred or otherwise obligated, but not appropriated, through other bills.
- General Fund that would be appropriated for one-time purposes through other bills.

Staff recommends that the JBC determine how to allocate the \$430 million as follows:

- 1 Determine how much the JBC wants to allocate for controlled maintenance projects, continuation capital construction projects, and new capital construction projects.
- 2 Determine whether there are bills that will definitely not involve appropriations, and establish a legislative set aside for those bills.
- 3 Establish a legislative set aside for other bills that require an appropriation for a one-time purpose. This dollar amount would need to be reduced by the required reserve amount, which would be reflected in Row 31.

For example:

- Assume the JBC wants to fund capital at the level recommended by the CDC. This would require \$87.1 million of the \$430.0 available for one-time purposes.
- Assume the JBC prioritizes the Governor's requested placeholder for property tax relief and the transfer to the State Emergency Reserve. That would require \$250 million.
- That leaves \$92.9 million of the \$430 million for bills requiring one-time appropriations. This would be reflected as a new \$80.8 million placeholder after Row 11 for bills with one-time impacts. The remaining \$12.1 million would be included in the required reserve amount in Row 31.

Table 2  
 General Fund Overview as of March 17, 2023  
 Based on the OSPB MARCH 2023 Forecast  
 (\$ millions)

	FY 2022-23	FY 2023-24	FY 2024-25	
<b>General Fund Available</b>				
1	Beginning Reserve	\$3,201.9	\$2,376.3	\$2,205.6
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	<b>Total General Fund Available</b>	<b>\$20,149.7</b>	<b>\$19,004.7</b>	<b>\$20,149.8</b>
<b>LESS: General Fund Obligations</b>				
7	<i>Appropriations (actuals; FY 23-24 requested; FY 24-25 projected)</i>	\$13,713.6	\$14,679.2	\$15,416.7
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	JBC Staff recommendation for additional Long Bill appropriations and a placeholder for other bills with ONGOING impacts	n/a	90.0	90.0
12	LESS: Appropriations for rebates and expenditures	(229.4)	(226.1)	(226.0)
13	<b>Subtotal: Appropriations subject to statutory reserve requirement</b>	<b>13,294.9</b>	<b>14,689.6</b>	<b>15,409.3</b>
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)
<i>Transfers Out and Other Diversions</i>				
19	Transportation (existing law reflected in forecast)	88.0	0.0	117.5
20	Capital/IT projects (existing law reflected in forecast plus SB 23-141)	488.3	20.0	20.0
21	FY 23-24: Governor recommendation for Capital Construction (with JBC Staff technical adjustments)			
22	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
22	FY 23-24: JBC Action for IT Projects			
23	FY 24-25: Out-year costs for recommended projects (no new projects)	n/a	60.3	44.4
23	Other Transfers and Diversions (existing law reflected in forecast plus SB 23-137)	1,226.7	418.0	467.7
24	JBC approved placeholders for other bills	26.0	91.0	0.0
25	JBC Staff recommendation for maximum placeholder for other bills with ONE-TIME impacts (less any portion used to fund capital construction); if appropriated, amount includes associated 15% reserve	0.0	430.0	0.0
26	<b>Subtotal: Other Obligations</b>	<b>4,629.8</b>	<b>2,109.5</b>	<b>2,231.1</b>
27	<b>Total General Fund Obligations</b>	<b>\$17,924.7</b>	<b>\$16,799.1</b>	<b>\$17,640.4</b>
28	<b>PLUS: Reversions and Accounting Adjustments (including under-refunds of TABOR surpluses from prior years)</b>	<b>\$151.3</b>	<b>n/a</b>	<b>n/a</b>
<b>Reserve</b>				
29	<b>Fiscal Year-end General Fund Reserve</b>	<b>\$2,376.3</b>	<b>\$2,205.6</b>	<b>\$2,509.4</b>
30	Statutorily Required Reserve Percent	15.0%	15.0%	15.0%
31	Required Reserve Amount	\$1,994.2	\$2,203.4	\$2,311.4
32	Year-end Reserve Above/(Below) Requirement	\$382.1	\$2.1	\$198.0

Totals may not sum due to rounding.

TABLES 1 AND 2 ASSUMPTIONS FOR FY 2023-24

For both Tables 1 and 2, 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 17. These changes are in addition to the adjustments that were reflected in the supplemental bill package (SB 23-112 through SB 23-142) [Row 8].
- Staff has included **General Fund Long Bill appropriations for FY 2023-24** that have been approved through March 17) [Row 7].
- **JBC action is pending for a couple of Higher Education decision items (R1 and R2)** 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 [Row 7].
- **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 [Rows 5, 9, and 10]. Staff has also included General Fund placeholders approved by the JBC for other bills to date. Tables 3a, 3b, and 3c list the estimated General Fund impacts of these bill drafts and placeholders.

TABLE 3A		
JBC GENERAL FUND APPROPRIATION PLACEHOLDERS FOR JBC-SPONSORED BILLS		
	FY 2023-24	FY 2024-25
<b>JBC place holders for JBC Long Bill package bills:</b>		
<u>Approved for Introduction:</u>		
Education: School Transformation Grant	\$115,785	\$146,589
Education: Implement Facility School Working Group recommendations	0	0
Education: Prop FF Healthy School Meals for All Implementation	*	*
Health Care Policy and Financing: No Copays for Pharmacy and Outpatient Hospital Services	1,439,499	1,439,499
Health Care Policy and Financing: Medicaid Provider Rate Review	0	0
Higher Education: WICHE Professional Student Exchange Program in Optometry	0	0
Higher Education: Change Specialty Education for CSU	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
Judicial: Local costs related to new judicial district	668,600	0
Judicial: Administrative services for independent agencies	746,909	793,575
Labor and Employment: Employment Support Fund compliance	(899,537)	0
Labor and Employment: Wage Theft Worker Payments	0	0
Labor and Employment: Wagner-Peyser Requirements Affecting County Employees	0	0
Law: Codify footnote re appropriation for Litigation Management	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: Community corrections financial audit	100,000	0
Public Safety: Create Office of School Safety	2,401,600	2,164,542
Subtotal: Bills approved for introduction	\$11,847,284	\$4,818,633

TABLE 3A		
JBC GENERAL FUND <b>APPROPRIATION</b> PLACEHOLDERS FOR JBC-SPONSORED BILLS		
	FY 2023-24	FY 2024-25
<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
Governor: Modifications to Technology Accessibility Requirements	0	0
Health Care Policy and Financing: Feasibility of continuous coverage for children and low income adults	335,253	0
Health Care Policy and Financing: Audit RAC Audit Process	TBD	0
Health Care Policy and Financing: Community First Choice	0	0
Judicial: Bridges Program independence and expansion	2,684,010	8,735,296
Local Affairs: Crime Prevention Grants	0	0
Military and Veterans Affairs: Electric vehicle services cash fund	0	0
Natural Resources: Transfer for Water Plan Grant Program	0	0
Subtotal: Bills sent to draft	\$4,360,827	\$10,076,860
<b>Total: JBC Package Bills [Row 9]</b>	<b>\$16,208,111</b>	<b>\$14,895,493</b>

\* Appropriation included in bill, but source is dedicated revenue for program and is thus excluded from this table.

TABLE 3B		
JBC GENERAL FUND <b>APPROPRIATION</b> PLACEHOLDERS FOR OTHER 2023 LEGISLATION		
	FY 2023-24	FY 2024-25
<b>JBC Placeholders for Other Bills:</b>		
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
<b>Total: Placeholders for Other Bills [Row 10]</b>	<b>\$130,293,251</b>	<b>\$113,617,432</b>

TABLE 3C		
JBC PLACEHOLDERS FOR BILLS <b>AFFECTING AVAILABLE GENERAL FUND REVENUES</b>		
	FY 2022-23	FY 2023-24
TRANSFERS IN TO GENERAL FUND:		
<u>JBC Bills Approved for Introduction:</u>		
Corrections: Transfer from State Employee Reserve Fund	\$0	\$4,913,753
<b>TOTAL: Transfers in to General Fund [Row 5]</b>	<b>\$0</b>	<b>\$4,913,753</b>
TRANSFERS OUT OF GENERAL FUND:		
<u>JBC Placeholders for Other Bills:</u>		
Governor: Infrastructure Investment and Job Act Cash Fund	\$0	\$91,000,000
Public Safety: Purchase of Firehawk helicopter	26,000,000	0
<b>TOTAL: Transfers Out of General Fund [Row 22]</b>	<b>\$26,000,000</b>	<b>\$91,000,000</b>

- **The JBC has not yet taken action concerning capital construction 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 [Row 21]. If the JBC approves the recommendations of the Capital Development Committee (CDC), this transfer amount would need to increase by a total of \$84.7 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 23]. **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.

## TABLES 1 AND 2 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 \$737.6 million** [Row 7]. This amount includes the following items:

- **Staff has included an increase of \$345.3 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 FAMLII 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 [Rows 5, 9, and 10].** The components of these amounts are listed in Tables 3a, 3b, and 3c.

## 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.