

Joint Budget Committee Staff FY 2025-26 Budget Briefing Summary

Office of the Governor (Except OIT)

The Office of the Governor includes the functions associated with the Governorship (oversight of executive branch agencies, policy development, communications, and citizen support services), as well as the Office of the Lieutenant Governor, Office of State Planning and Budgeting, Office of Economic Development and International Trade, and the Office of Information Technology. The Department's FY 2024-25 appropriation represents approximately 1.2 percent of statewide operating appropriations and 0.4 percent of statewide General Fund appropriations.

The divisions included in this summary are the Governor's Office, the Lt. Governor's Office, the Office of Economic Development and International Trade, and the Office of State Planning and Budgeting.

Summary of Request

| Governor - Lieutenant Governor - OEDIT - State Planning and Budgeting | | | | | | |
|---|----------------------|---------------------|---------------------|--------------------|--------------------|--------------|
| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| FY 2024-25 Appropriation | | | | | | |
| HB 24-1430 (Long Bill) | \$157,624,803 | \$49,354,975 | \$94,199,136 | \$5,140,703 | \$8,929,989 | 204.8 |
| Other Legislation | 3,325,276 | 1,093,376 | 2,231,900 | 0 | 0 | 10.1 |
| Total | \$160,950,079 | \$50,448,351 | \$96,431,036 | \$5,140,703 | \$8,929,989 | 214.9 |
| FY 2025-26 Requested Appropriation | | | | | | |
| FY 2024-25 Appropriation | \$160,950,079 | \$50,448,351 | \$96,431,036 | \$5,140,703 | \$8,929,989 | 214.9 |
| OSPB R1 Cont of emergency funds staff | 299,470 | 299,470 | 0 | 0 | 0 | 2.0 |
| CEO R1 CEO sustain funding | 155,013 | 155,013 | 0 | 0 | 0 | 3.8 |
| OEDIT R1 GF inc global bus dev | 825,000 | 825,000 | 0 | 0 | 0 | 2.0 |
| OEDIT R2 MBO and Leading Edge | 250,000 | 250,000 | 0 | 0 | 0 | 0.0 |
| OEDIT R3 CO aerospace invest | 100,000 | 100,000 | 0 | 0 | 0 | 0.0 |
| OEDIT R4 Admin funds | 1,888,706 | 0 | 0 | 1,888,706 | 0 | 0.0 |
| OEDIT R5 Reduce skills advance approp | -3,000,000 | -3,000,000 | 0 | 0 | 0 | 0.0 |
| OEDIT R6 One percent GF reduce | -235,406 | -235,406 | 0 | 0 | 0 | 0.0 |
| NP1 Fleet lease | -7,042 | -7,042 | 0 | 0 | 0 | 0.0 |
| Centrally appropriated items | 3,483,657 | 1,684,103 | 1,327,474 | 34,966 | 437,114 | 0.0 |
| Indirect cost assessment | 133,536 | 0 | -8,232 | -1,644 | 143,412 | 0.0 |
| Prior year budget actions | -4,545,406 | -2,057,746 | -1,867,642 | -56,096 | -563,922 | -7.7 |
| Prior year legislation | -1,201,050 | -312,125 | -835,649 | 0 | -53,276 | -1.6 |
| Technical adjustments | -9,498 | 134,379 | -143,877 | 0 | 0 | 0.0 |
| Total | \$159,087,059 | \$48,283,997 | \$94,903,110 | \$7,006,635 | \$8,893,317 | 213.4 |

Governor - Lieutenant Governor - OEDIT - State Planning and Budgeting

| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|--------------------|--------------|--------------|--------------|-----------------|---------------|------|
| Increase/-Decrease | -\$1,863,020 | -\$2,164,354 | -\$1,527,926 | \$1,865,932 | -\$36,672 | -1.5 |
| Percentage Change | -1.2% | -4.3% | -1.6% | 36.3% | -0.4% | 0.0 |

OSPB R1 Cont of emergency funds staff: The Department requests continuing 2.0 FTE provided to report on emergency funds. The request costs \$299,470 General Fund and 2.0 FTE. The FY 2023-24 Long Bill included term-limited funding for 4.0 FTE to address audit findings about OSPB's management of expenditures, encumbrances, and transfers from the Disaster Emergency Fund. The term-limited funding expires in FY 2026-27 but the statutory reporting requirements continue.

CEO R1 CEO sustain funding: The request includes an increase of \$155,013 General Fund and 3.8 FTE in FY 2025-26 and \$715,554 and 7.2 FTE in FY 2026-27 and ongoing to retain existing FTE that are currently funded through a combination of General Fund, cash funds, and federal funds. These increases would be offset in FY 2025-26 and FY 2026-27 by discontinuing the ongoing \$0.5 million General Fund appropriation to the Cannabis Resource Optimization Program (CROP) and transferring \$0.9 million to the General Fund from the CROP cash fund. These offsets would make \$0.7 million more General Fund available in FY 2025-26.

The Office has indicated that an evidence designation is Not Applicable to this request.

OEDIT R1 GF increase global bus dev: The request includes an increase of \$825,000 General Fund and 2.0 FTE in FY 2025-26 and ongoing to address a cumulative budget shortfall for the Global Business Corporate Development (GBCD) program. The funding for 2.0 FTE include a Deputy Director and an International Marketing & Promotion Manager, which accounts for \$250,582 of the request. The remaining \$574,418 would fund attempts to recruit, expand, and retain businesses in the technology industry by sending staff to trade shows, engaging in new markets, and developing strategic promotional materials.

The Office has indicated that an evidence designation is Not Applicable to this request.

OEDIT R2 MBO and Leading Edge: The request includes an increase of \$250,000 General Fund for FY 2025-26. Of that, \$175,000 is one-time money while \$75,000 is ongoing. These amounts would provide the Minority Business Office (MBO) with \$175,000 one-time General Fund in FY 2025-26 and \$50,000 ongoing, and \$25,000 ongoing General Fund for the Leading Edge program.

The Office has indicated that this is an Evidence-informed request.

OEDIT R3 CO aerospace invest: The request includes an increase of \$100,000 General Fund in FY 2025-26 and ongoing to “enable the Aerospace and Defense Industry Manager to attend exhibitions, conferences, and industry events to represent Colorado and develop stronger relationships between Colorado aerospace companies and new domestic and international markets.”

The Office has indicated that this is an Evidence-informed request.

OEDIT R4 Admin funds: The request includes an increase of \$1,888,706 reappropriated funds in FY 2025-26 and ongoing to support OEDIT administrative staff. The Office is proposing to charge a flat percentage rate to all incoming dollars that will contribute to supporting central overhead costs. The request is ongoing and budget neutral.

The Office has identified this request as Not Applicable for an evidence designation.

OEDIT R5 Reduce skills advance appropriation: The request includes a decrease of \$3,000,000 General Fund in FY 2025-26 and FY 2026-27, then an ongoing \$1,000,000 General Fund reduction starting in FY 2027-28 from the Skill Advance Program.

The Office has identified this request as Not Applicable for an evidence designation.

OEDIT R6 One percent GF reduce: The request includes a decrease of \$235,406 General Fund in FY 2025-26 and ongoing. Of that amount, \$8,029 is from the elimination of the By Colorado App. The remaining \$227,377 will come from programs across OEDIT according to how much General Fund they receive. The Office has indicated that these additional program cuts are absorbable and will not impact programming or staffing.

The Office has identified this request as Not Applicable for an evidence designation.

Non-prioritized decision items: The request includes a net decrease of \$7,042 General Fund for a request that originates in the Department of Personnel.

Centrally appropriated items: The request includes a net increase of \$3.5 million total funds, including \$1.7 million General Fund for centrally appropriated line items, summarized in the table below.

| Centrally appropriated items | | | | | | |
|---------------------------------------|--------------------|--------------------|--------------------|-----------------|------------------|------------|
| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| Salary survey | \$1,751,209 | \$969,524 | \$473,728 | \$77,984 | \$229,973 | 0.0 |
| Step Plan | 994,710 | 648,868 | 247,948 | 40,680 | 57,214 | 0.0 |
| Health, life, and dental | 340,409 | -24,028 | 416,335 | -139,944 | 88,046 | 0.0 |
| Payments to OIT | 239,637 | 239,637 | 0 | 0 | 0 | 0.0 |
| Legal services | 158,994 | 237,287 | -78,293 | 0 | 0 | 0.0 |
| CORE operations | 73,256 | 92,852 | 0 | -19,596 | 0 | 0.0 |
| AED and SAED adjustment | 72,592 | -82,917 | 204,009 | -106,946 | 58,446 | 0.0 |
| PERA direct distribution | 72,138 | 35,417 | 51,589 | -14,868 | 0 | 0.0 |
| Capitol Complex leased space | 65,552 | -151,241 | 0 | 216,793 | 0 | 0.0 |
| Workers' compensation | 8,346 | -5,971 | 0 | 14,317 | 0 | 0.0 |
| Paid Family & Medical Leave Insurance | 3,254 | -3,608 | 9,118 | -4,832 | 2,576 | 0.0 |
| Short-term disability | 1,085 | -1,203 | 3,040 | -1,611 | 859 | 0.0 |
| Risk management & property | -297,525 | -270,514 | 0 | -27,011 | 0 | 0.0 |
| Total | \$3,483,657 | \$1,684,103 | \$1,327,474 | \$34,966 | \$437,114 | 0.0 |

Indirect cost assessment: The request includes net adjustments to indirect costs across all divisions.

Annualize prior year budget actions: The request includes a net decrease of \$4.5 million total funds, including \$2.1 million General Fund, for the out-year cost of prior year budget actions.

| Prior year budget actions | | | | | | |
|---|---------------------|---------------------|---------------------|------------------|-------------------|-------------|
| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| OEDIT FY 24-25 Fig set adjust | -\$1,200,000 | \$0 | -\$1,200,000 | \$0 | \$0 | 0.0 |
| FY 2024-25 Step Plan | -1,190,679 | -543,015 | -335,809 | -28,215 | -283,640 | 0.0 |
| Prior year salary survey | -1,176,581 | -536,585 | -331,833 | -27,881 | -280,282 | 0.0 |
| FY 23-24 OSPB BA1 Emergency Funds Reporting Staff | -428,325 | -428,325 | 0 | 0 | 0 | -4.0 |
| OEDIT FY 24-25 BA1 OREC sunset | -297,000 | -297,000 | 0 | 0 | 0 | -2.7 |
| FY 22-23 GOV R2 Medical Financial Partnership Pilot | -220,145 | -220,145 | 0 | 0 | 0 | -1.0 |
| FY 24-25 LG R1 CCIA roadmap tribal affairs | -32,676 | -32,676 | 0 | 0 | 0 | 0.0 |
| Total | -\$4,545,406 | -\$2,057,746 | -\$1,867,642 | -\$56,096 | -\$563,922 | -7.7 |

Annualize prior year legislation: The request includes a net decrease of \$1.2 million total funds, including \$312,125 General Fund, and 1.6 FTE to reflect the FY 2025-26 impact of bills passed in previous sessions, summarized in the following table.

| Prior year legislation | | | | | | |
|--|---------------------|-------------------|-------------------|-----------------|------------------|-------------|
| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| HB 23-1272 Tax policy that advances carbon | \$37,655 | \$0 | \$37,655 | \$0 | \$0 | 0.0 |
| HB 23-1281 Advance use clean hydrogen | 26,720 | 26,720 | \$0 | \$0 | 0 | -0.4 |
| HB 24-1365 Opp now grants | 5,438 | 5,438 | 0 | 0 | 0 | 0.2 |
| HB 24-1295 Creative ind comm revival | 1,974 | 1,974 | 0 | 0 | 0 | 0.2 |
| HB 24-1157 Employee-owned bus office | 536 | 536 | 0 | 0 | 0 | 0.3 |
| HB 24-1001 Reauth rural jump start | -873,304 | 0 | -873,304 | 0 | 0 | -1.5 |
| SB 24-214 Implement state climate goals | -100,000 | -100,000 | 0 | 0 | 0 | 0.0 |
| HB 24-1313 Transit-oriented communities | -100,000 | -100,000 | 0 | 0 | 0 | 0.0 |
| HB 23-1247 Assess advanced energy solutions CO | -53,276 | 0 | 0 | 0 | -53,276 | -0.2 |
| SB 24-190 Rail and coal transition | -42,460 | -42,460 | 0 | 0 | 0 | 0.0 |
| HB 23-1234 Streamlined solar | -30,787 | -30,787 | 0 | 0 | 0 | -0.4 |
| HB 24-1358 Film incentive tax credit | -29,120 | -29,120 | 0 | 0 | 0 | 0.0 |
| HB 24-1314 Mod tax credit preservation | -22,008 | -22,008 | 0 | 0 | 0 | 0.1 |
| HB 24-1370 Reduce cost of natural gas | -12,692 | -12,692 | 0 | 0 | 0 | -0.1 |
| HB 24-1325 Quantum tax credits | -9,726 | -9,726 | 0 | 0 | 0 | 0.2 |
| Total | -\$1,201,050 | -\$312,125 | -\$835,649 | \$0 | -\$53,276 | -1.6 |

Technical adjustments: The request includes a \$9,498 decrease in total funds, including a \$134,379 increase in General Fund, related to the technical issues outlined in the table below.

| Technical adjustments | | | | | | |
|---|-----------------|------------------|-------------------|-----------------|---------------|------------|
| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| OEDIT office lease technical adjustment | \$86,035 | \$86,035 | \$0 | \$0 | \$0 | 0.0 |
| CEO office lease technical adjustment | 48,344 | 48,344 | 0 | 0 | 0 | 0.0 |
| Move opp now grant admin to EDC line | 0 | 0 | 0 | 0 | 0 | 0.0 |
| OEDIT AITC clean up | 0 | 0 | 0 | 0 | 0 | 0.0 |
| OEDIT HPTC cash fund footnote cor | -143,877 | 0 | -143,877 | 0 | 0 | 0.0 |
| Total | -\$9,498 | \$134,379 | -\$143,877 | \$0 | \$0 | 0.0 |

Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

Budget Reduction Options: The Governor’s Office – Office of the Governor, Lieutenant Governor, and OEDIT – represents 0.4 percent of total state General Fund appropriations in FY 2024-25. The Executive budget request includes proposed reductions of \$24,342,017. These reductions are offset by proposed increases, so that the divisions’ total General Fund is requested to decrease by 11.0 percent.

Resilience of OSPB: This issue brief discusses strategies for improving the resilience and professionalism of the Office of State Planning and Budgeting, especially across transitions in administration.

For More Information

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To read the entire briefing: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2024.